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No.

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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1993

THOMAS NELSON, INC.,
TIME MAKER, INC.,
R. M. MARKETING, INC., AND
NATIONAL MEDIA GROUP,
Petitioners,

VS.

HARPER HOUSE, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Which of the following approaches is appropriate to determine infringement in a compilation copyright action?

(a) Does defendant's compilation *bodily appropriate* the selection, coordination or arrangement of plaintiff's compilation? (Ninth Circuit)

(b) Does the selection, coordination or arrangement of defendant's compilation *differ by more than a trivial degree from the original* selection, coordination or arrangement of plaintiff's compilation? (Second Circuit)

(c) Does defendant's compilation *appropriate the original* selection, coordination or arrangement of plaintiff's compilation? (Eleventh Circuit)

2. Whether, in determining infringement of a copyrighted compilation, the protectable elements — the original selection, coordination or arrangement — must be identified and separated from the nonprotectable elements of the copyrighted compilation before comparing *only those* protected elements with the allegedly infringing compilation.

3. Whether summary judgment for defendant under Rule 56 is appropriate where the compilations in issue have only unprotected components in common, and the selection, coordination or arrangement of the allegedly infringing compilation differs by more than a trivial degree from the original selection, coordination or arrangement of the copyrighted compilation.

PARTIES

All of the parties to the proceedings below are listed in the caption.

There are no parent or subsidiary companies to be listed for petitioners pursuant to Rule 29.1.

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

Petitioners respectfully pray that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit, filed September 10, 1993.

OPINIONS BELOW

The unreported decision of the Court of Appeals for the Ninth Circuit is reprinted in the appendix, p. 1a, *infra*. The opinion of the United States District Court for the Central District of California is reprinted in the appendix, p. 7a, *infra*, and is reported at 19 U.S.P.Q.2d (BNA) 1303. The earlier decision of the Ninth Circuit is reprinted in the appendix, p. 19a, *infra*, and is reported at 889 F.2d 197. It reversed and remanded the original judgment entered on the jury's verdict pursuant to the district court's decision reprinted in the appendix, p. 44a, *infra* and reported at 4 U.S.P.Q.2d (BNA) 1897.

JURISDICTION

The basis for subject matter jurisdiction over this copyright action is 28 U.S.C. § 1331. The opinion and judgment of the court of appeals was entered on September 10, 1993. No rehearing was sought. This petition is timely filed within 90 days of that date. 28 U.S.C. § 2101(c); Sup. Ct. Rule 13.4.

The jurisdiction of this Court to review the judgment of the court of appeals by writ of certiorari is conferred by 28 U.S.C. § 1254(1).

STATUTES AND REGULATIONS INVOLVED

This case raises issues concerning the interpretation of the following sections of the Copyright Act:

> 17 U.S.C. § 101. Definitions.
>
> * * * "[A] compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.
>
> § 103. Subject Matter of Copyright; Compilations and Derivative Works.
>
> * * * (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

In addition, the case raises issues concerning application of a regulation promulgated by the Copyright Office:

> 37 C.F.R. § 202.1 Material not subject to copyright.
>
> * * * (a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents;
>
> * * * (c) Blank forms, such as time cards, graph paper, account books, diaries, bank checks, scorecards, address books, report forms, order forms and the like, which are designed for recording information and do not in themselves convey information;
>
> (d) Works consisting entirely of information that is common property containing no original authorship, such as, for example: Standard calendars, height and weight charts, tape measures and rulers, schedules of sporting events, and lists or tables taken from public documents or other common sources.

STATEMENT OF THE CASE

This petition and two others already pending before this Court arise from three decisions by the Courts of Appeals that conflict over the appropriate standard to determine infringement of a copyrighted compilation.[1] This Court's decision in *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 111 S.Ct. 1282 (1991), held that for compilations consisting of facts and other preexisting elements not original to the author, such as the works involved in the three pending petitions, the scope of any copyright protection is "thin." *Id.* at 1289.[2] All three cases involve summary judgments on the issue of when that thin protection has been infringed by a second compiler who admittedly has copied elements of the copyrighted compilation. The three Circuits, however, applied different standards that produced divergent results. In this case, the Ninth Circuit reversed defendants' summary judgment. In *Kregos v. Associated Press*, 3 F.3d 656 (2d Cir. 1993), the Second Circuit affirmed defendant's summary judgment. In *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 999 F.2d 1436 (11 Cir. 1993), the Eleventh Circuit en banc reversed plaintiff's summary judgment and entered judgment for defendant.

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[1] Petitioners respectfully request that the Court consider this petition in conjunction with the petitions filed last week in *Kregos v. Associated Press*, 3 F.3d 656 (2d Cir. 1993) ("*Kregos*"), No. 93-863, and in *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 999 F.2d 1436 (11th Cir. 1993) (en banc) ("*BellSouth*"), No. 93-862.

A. *The compilations in this case.*

Personal "organizers" are compilations of calendar pages, address and telephone pages, and a variety of other blank forms and common property useful for recording dates, numbers, names, and other information. They typically use a loose-leaf format, with tabs to separate subject sections. *See* p. 20a, *infra.*

In 1982, respondent Harper House, Inc. first published an organizer called the "Day Runner," and in 1984, introduced an organizer called the "Running Mate," a smaller version of the Day Runner. Joint Pretrial Conf. Order Admitted Fact No. 1. Although many other well-known organizers — such as "Daytimer" and "Filofax System"[3] — preceded respondent's organizers in the marketplace, the Day Runner and Running Mate proved very successful. *See* p. 21a, *infra.* Respondent's business expanded rapidly. The Day Runner and Running Mate became the leading products in the market. They were designed for "urban upscale women" employed outside of the home, and they sold for about $50 each through stationery and department stores. *See id.; see also* p. 54a, *infra.*

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[2] The copyrighted work in *Feist* was a white pages telephone directory, in *BellSouth*, a yellow pages directory, in *Kregos*, a baseball pitching statistics form, and in this case, a collection of calendar pages and other blank forms called an "organizer."

[3] *See* Ex. 706; Tr. 5/12/87, p. 135; Tr. 5/13/87, p. 12.

Petitioner Thomas Nelson, Inc. is a well-known publisher. *See* p. 21a, *infra.* At the time, the other petitioners were in the direct response marketing business (*i.e.*, they used television and print advertising to sell products directly to consumers). *Id.* Late in 1984, petitioners began collaborating to develop their own organizer, the "Time Maker," designed for, and marketed to homemakers, *see* p. 22, *infra*, the principal audience of direct response marketing on daytime television. In creating Time Maker, petitioners reviewed the many existing organizers then available. Petitioners used some blank forms in respondent's organizers as models to devise their own modified version of the forms. *Id.* They adapted blank forms in other organizers, and they designed some entirely new forms specifically for the homemaker. *Id.* The final Time Maker design resembles several other organizers on the market at the time, including respondent's. *See* App. C to Defs.' Motion for Summary Judgment, filed Oct. 9, 1990.

The Ninth Circuit, in its first of two decisions in this case which are described in detail below, pp. 19-25, summarized the creation of the Time Maker:

> Much of [petitioners'] Time Maker was based upon Harper House's [respondent's] organizers, which defendants had identified as the best organizers currently available.
>
> * * * *
>
> Many of the blank forms for [petitioners'] Time Maker were marked-up versions of forms contained in Harper House's [respondent's] organizers, with little or no change. On the other hand, Time Maker also contains many forms not copied or derived from Harper House's organizers. Notably, Time Maker includes many specialized forms for homemakers, such as a weekly menu planner and pre-printed grocery lists.

Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197, 199 (9th Cir. 1989) ("*Harper House I*"); *see* pp. 19a, 21a-22a, *infra.*[4]

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[4] The best way to evaluate the dissimilarity of the various organizers is through a visual comparison. The organizers at issue were marked as trial Exhibit Nos. 69 and 220 (respondent's Running Mate and Day Runner) and 55 (petitioners' production Time Maker). Third party

Petitioners' selection of forms differs from respondent's in many respects. Some of petitioners' forms are similar to respondent's forms; others are quite different. *Compare* Ex. 55 *with* Exs. 69 *and* 220. Some of petitioners' forms have functions similar to respondent's forms; others have specialized functions unique to the homemaker, petitioners' targeted audience. *Id.* None of the forms in petitioners' organizer exactly replicates a form in respondent's organizers. *Id.* Conversely, respondent's organizer boasted of several unique and original forms that are not contained in petitioners' organizer. *See* pp. 77a-79a, *infra* (Table Comparing Compilations at Issue).[5] Respondent's organizers contain eight basic tabulated sections with a total of 15 forms; petitioners' has 12 tabs and 22 forms. *Id.* Four sections in the Time Maker have no counterparts in respondent's work (the Menu, Groceries, Diet and Household tabs). *Id.* Those sections include nine blank forms (*e.g.*, Babysitter Memo, House Cleaning List, Grocery List, Menu Planner and What I Ate, etc.) as well as three calorie and carbohydrate guides that have no analogs whatsoever in respondent's organizers. *Id.*

Nor are those forms common to both organizers unique or original to respondent. At least thirteen third-party organizers in the market at the relevant time were in evidence before the district court at trial. These competing products contain many forms and other elements in common with respondent's organizers: pockets for pens, blank pads of writing paper, calendar pages, daily appointment pages, monthly planners, personal information sheets, note pads, pre-printed and blank gum-backed labels, to-do lists, expense records, receipt envelopes, rulers, time zone and area code maps. *See, e.g.*, App. C to Defs.' Motion for

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organizers appear as trial Exhibit Nos. 598, 599, 700, 701, 703, 705-709, 711, 713 and 714. All of these exhibits are presently in the custody of the district court and are available for this Court's inspection. *See* Sup. Ct. Rule 12.5.

[5] For example, respondent's Day Runner organizer contains instructional cover pages describing its "New Features," the MEMO-RY and IN-DEX forms, that are "only from Harper House," and are not contained in petitioners' organizer. Ex. 220.

Summary Judgment, filed Oct. 9, 1990; *see also* note 4, *supra*. Indeed, the parties stipulated that "an organizer, to be competitive in the market place must contain certain items common to other organizers." Joint Pretrial Conf. Order Admitted Fact No. 21.

The order or arrangement of the sections in petitioners' organizer also differs from the order of respondent's organizers, even excluding the four sections unique to petitioners' organizer and those unique to respondent's organizers that are not included in petitioners' organizer at all. *See* pp. 77a-79a, *infra*. For example, the Telephone/Address section comprises the penultimate section of the Time Maker, but appears as the third section of the Running Mate. *Id.* Similarly, the Notes section of the Time Maker comes immediately before the Telephone/Address section, but in the Running Mate, the Notes section comes after the Telephone/Address section. *See generally id.*

While there are similarities between petitioners' and respondent's organizers, there are also many similarities between respondent's organizer and the other competing products that preceded it on the market.[6]

B. *Procedural history.*

Respondent filed suit in June 1985, alleging copyright infringement and related claims. The case was tried to a jury in May 1987. At trial, the parties agreed that the district court would determine the issue of copyrightability. *See* p. 24a, *infra*. The district court found that the organizers were subject to a valid copyright and so instructed the jury, without defining the nature or scope of the protection. *Id.* The district court instead instructed the jury to find infringement if there was "direct proof of actual copying." *Harper House Inc. v. Thomas Nelson, Inc.*, 4 U.S.P.Q.2d (BNA) 1897, 1909 (C.D. Cal. 1987); *see* p. 44a, 61a, *infra*. Given this unqualified instruction and petitioners' concession that they copied unprotectable blank forms in respondent's organizers, the jury, not surprisingly, returned verdicts finding infringement. The district court entered judgment on the verdicts against petitioners for $6,037,807. *See* p. 25a, *infra*.

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[6] Petitioners sold Time Maker first through direct response advertising, and later at bookstores, for less than half the price of respondent's organizers. *See* pp. 21a, 23a, *infra*. Despite its relatively low selling price, petitioners' product proved to be a failure and was abandoned in early 1986. *See* p. 23a, *infra*.

The Ninth Circuit reversed in *Harper House I*. *See* p. 19a, *infra*. The court held that respondent's organizers were "copyrightable as compilations," but warranted "only extremely limited copyright protection." *Id.* at pp. 31a-32a, *infra*. In particular, the Ninth Circuit held that, under the "useful article" rule, all nontextual features of respondent's organizers were noncopyrightable. Specifically, the court pointed out that the organizers' "hinges, pockets to hold keys, coins and a calculator, and graph paper . . . ruler, and note paper are not copyrightable." *Id.* at p. 28a, *infra*. The court explained that "paper for writing, even ruled paper, is a utilitarian object" and not protected by copyright. *Id.*

Similarly, the Ninth Circuit held that, under the Copyright Office's longstanding rule, "[t]he blank forms and common property contained in Harper House's organizers are not copyrightable." *Id.* at pp. 30a-31a, *infra* (citing 37 C.F.R. § 202.1). The court determined that respondent's "area code/time zone map" and "calendars" are standard, common property devoid of any protection. *Id.* at p. 31a n.5, *infra*.

Because the jury instructions did not adequately caution the jury to limit its review by "distinguish[ing] between protectable and unprotectable material," the court reversed the copyright judgment:

> The jury was not told that blank forms, common property, or utilitarian aspects of useful items are not protectable, and they may have found that defendants infringed Harper House's copyright based upon the direct copying of such unprotected material, not based upon copying of the selection, coordination, or arrangement of Harper House's organizers.

Id. at p. 37a-38a, *infra*.[7]

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[7] The Ninth Circuit pointed out that, at trial, respondent's counsel encouraged the jury to condemn all copying, including the copying of the

The Ninth Circuit also held that infringement could not be found absent "bodily appropriation" of the protectable material of the copyrighted compilation:

> As with factual compilations, copyright infringement of compilations consisting largely of uncopyrightable elements should not be found in the absence of "bodily appropriation of expression."

Harper House I, p. 32a, *infra* (quoting *Worth v. Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987)).[8]

On remand from *Harper House I*, petitioners moved for summary judgment. Shortly before trial, the district court granted the motion.

> Defendants [Petitioners] have a right under the copyright law to copy unprotectable material, including any individual pages of plaintiff's organizers, any other unprotectable elements such as the ruler and label sheets, and the overall design of the binder. Additionally, defendants are free to copy even those aspects of selection, coordination and design that are not unique to plaintiff's organizers. Accordingly, no reasonable jury

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many unprotected elements, creating "an obvious risk of an improper verdict." *Harper House I*, p. 37a, *infra*.

> In closing argument, Harper House's counsel fully exploited the negative connotation to copying, urging the jury to use their basic sense that when given a homework assignment at school, one should not copy the work of another student — "change a word here, change a word there, put it on a different size paper and hand it in as your own."

Id. at p. 37a n.6, *infra*.

[8] The Ninth Circuit declined to address, in that context, petitioners' argument that there was no "bodily appropriation" of any original selection, coordination or arrangement as a matter of law. The court said that it would later address the issue in "the context of the jury instructions." *Harper House I*, p. 33a, *infra*. It failed to do so. *See id.* at 33a-38a, *infra*. In granting petitioners' summary judgment motion, the district court noted this "perplexing" failure, but determined that "there is no suggestion in the decision that it [the issue] cannot be properly resolved on summary judgment." *See* p. 13a n.4, *infra*.

could find that defendants "bodily appropriated" plaintiff's organizers — i.e., copied substantially the entire item.

Harper House, Inc. v. Thomas Nelson, Inc., 19 U.S.P.Q 2d (BNA) 1303, 1308, (C.D. Cal. 1991); *see* pp. 7a, 17a, *infra* (footnotes omitted). Respondent appealed. The Ninth Circuit reversed. The same Ninth Circuit panel again reviewed the organizers and concluded:

> Although the protection afforded [respondent's] Harper House's organizers is limited, it is not non-existent. There are some differences in selection and arrangement between Harper House's organizers and Time Maker, [petitioners'] defendants' organizer. The most significant is that Time Maker included four sections that have no counterparts in Harper House's organizers. On the other hand, we note that Nelson [petitioners] copied 63 of the 76 words used as sticker labels in Harper House's Day Runner, even copying unusual spellings such as "station'ry," "invstmnts" and "rest'r'nts." Also, while there are only so many ways a calendar can be presented, Nelson copied Harper's monthly calendar arrangement except for putting Saturday and Sunday on the left instead of the right. This copying included the small lettering for each week as "wk1, wk2." In addition, each organizer has a pad in the back of the book and a place for a pen.
>
> We find the inclusion of additional sections and some limited reshuffling of sections in defendants' organizer to be insufficient to take this issue out of the hands of the jury. There is sufficient similarity in the selection and arrangement of the organizers to raise a genuine issue for trial.

Harper House, Inc. v. Thomas Nelson, Inc., Nos. 91-55426, -55550, -55774 (9th Cir. Sept. 10, 1993) (per curiam) ("*Harper House II*"); *see* pp. 1a, 4a-5a, *infra*.

REASONS FOR GRANTING THE WRIT

The three petitions currently before the Court[9] present decisions employing conflicting and inconsistent approaches by three Circuits in cases — like *Feist* — that involve summary judgments in the context of compilations of otherwise unprotected material. Each case has so far generated two appellate decisions. The latest decisions employ different infringement analyses and reach different results. The same issue — the scope of copyright protection accorded a compilation of unprotected elements — is, and will be, recurring with increasing frequency in cases around the country in an ever-widening variety of contexts. Absent further guidance that can only be provided by this Court, needless litigation and conflicting decisions will ensue, further compounding the confusion and uncertainty.

A. *The need to supplement Feist.*

Three terms ago, this Court addressed the issue of copyright protection of compilations in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 U.S. 340, 111 S. Ct. 1282 (1991), holding that a white pages directory did not contain the minimum degree of originality required to qualify for copyright protection.[10] There, this Court "granted certiorari to determine whether the copyright in Rural's [white pages telephone] directory protects the names, towns and telephone numbers copied by Feist," in its competing directory. 111 S. Ct. 1282, 1287. Ultimately, however, the Court determined that Rural's white pages were not covered by copyright at all. The names, towns and telephone numbers of Rural's subscribers were noncopyrightable facts; their alphabetical arrangement by surname was hardly original. "The end product [was] a garden-variety white pages directory, devoid of even the *slightest* trace of creativity." *Id.* at 1296. Accordingly, the Court held that because "Rural's white pages lack the requisite originality, Feist's use of the listings cannot constitute infringement." *Id.* at 1297.

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[9] *See* note 1 *supra*, p. 3. The other two petitions are *Kregos*, No. 93-863 and *BellSouth*, No. 93-862.

[10] As Nimmer notes, *Feist* is the first decision from this Court in decades that directly addresses the central questions of copyrightability and infringement. 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.01[A] at 13-6, n.5.1 (1992). Indeed, between *Mazer v. Stein*, 347 U.S. 201 (1954), and *Feist*, the Court addressed those central questions only glancingly. *E.g.*, *Stewart v. Abend*, 495 U.S. 207, 230-36 (1990); *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 545-49 (1985).

Copyrightability and infringement, of course, are separate questions. As the District of Columbia Circuit explained in applying *Feist:*

> A determination of copyrightability, we note, does not mean the holder will prevail against all copiers or producers of similar works. *The scope (strength or "thinness") of the protection is a distinct inquiry. See Feist,* 111 S.Ct. at 1289.

Atari Games Corp. v. Oman, 979 F.2d 242, 244 n.4 (D.C. Cir. 1992) (emphasis added). The Court had no occasion to reach this "thinness" inquiry in *Feist;* nonetheless, *Feist* touches on the issue in two ways.

First, in *Feist,* the Court recognized that to qualify for protection, the Copyright Act requires that a work must have at least a minimal degree of creative, original expression. In the context of a compilation — such as the white pages directory in *Feist* and the organizers here — this means that any available copyright protection will cover only that portion of the work that is original to the author.

> The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the *sine qua non* of copyright; accordingly, *copyright protection may extend only to those components of a work that are original to the author.*

Feist, 111 S. Ct. at 1289 (emphasis added); *see also* 17 U.S.C. § 103(b).

Second, the Court in *Feist* noted that, when creating a compilation of preexisting facts or other unprotected materials which in and of themselves can enjoy no copyright protection, the author-compiler may make a potentially original contribution only in "the selection, coordination or arrangement" of those unprotected elements. 17 U.S.C. § 101. Thus, *Feist* held that any resulting copyright protection is "thin."

> [T]he copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another's publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement.

111 S. Ct. at 1289.

Beyond these general observations, however, this Court did not have occasion to address the issue that has confounded the lower courts in the wake of *Feist*, *i.e.*, the appropriate standard to determine infringement of the "thin" protection afforded a compilation.[11] The Courts of Appeals have, therefore, developed their own divergent and inconsistent approaches. This conflict has created significant unpredictability, where authors and compilers are consigned to copy at their peril, running the risk that their compilation will later be deemed an infringement under one of these multiplying and contrasting standards.

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[11] Several commentators have predicted that, in the wake of *Feist*, the lower courts will reach confusing or inconsistent results in compilation infringement cases. *E.g.*, Leo J. Raskind, *Assessing the Impact of Feist*, 17 Dayton L. Rev. 331, 337-38 (1992) (suggesting several lines of infringement decisions "radiating" from *Feist*); James E. Schatz, Bradley W. Anderson & Holly Garland Langworthy, *What's Mine Is Yours? The Dilemma of a Factual Compilation*, 17 Dayton L. Rev. 423, 429-35 (1992) (discussing post-*Feist* compilation infringement cases and finding "the courts involved generally . . . quite sensitive in examining the selection, coordination, and arrangement activities of compilers," but nonetheless warning that *Feist* may lead the courts into "an analytical bog"); John A. Odozynski, *Infringement of Compilation Copyright After Feist*, 17 Dayton L. Rev. 457, 460 (1992) ("[T]he courts are in unchartered waters . . . and neither the parties nor relevant law provides much in the way of meaningful guidance."); Alfred C. Yen, *The Legacy of Feist: Consequences of the Weak Connection Between Copyright and the Economics of Public Goods*, 52 Ohio St. L. J. 1343, 1375 (1991) (the *Feist* legacy may be "one of confusion, and not clarification"). *Cf.* Jane C. Ginsburg, *No 'Sweat'? Copyright and Other Protection of Works of Information After Feist v. Rural Telephone*, 92 Colum. L. Rev. 338, 349 (1992) ("'[W]hat kind of copying will be held to infringe it [after *Feist*]?' The answer appears to be: 'Virtually none, short of extensive verbatim copying.'").

B. *Conflict among the circuits after Feist.*

Within the span of nine days in September 1993, three Circuit Courts of Appeals issued decisions that attempted to apply *Feist* in reviewing summary judgments on copyright infringement claims involving compilations: (1) *Kregos v. Associated Press*, 3 F.3d 656 (2d Cir. 1993); (2) *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 999 F.2d 1436 (11th Cir. 1993) (en banc); and (3) this case, *Harper House II*, p. 1a, *infra*. In each decision, copyrightability was established, and the defendants admitted that they copied parts of the copyrighted works. The remaining issue was whether, in so doing, they infringed the "thin" protection accorded to compilations that this Court alluded to in *Feist*.

On appeal, each Circuit employed a different approach and arrived at a different result: the Second Circuit affirmed defendant's summary judgment in *Kregos* because the works differed by "more than a 'trivial degree' ";[12] the Eleventh Circuit en banc reversed plaintiff's summary judgment in *BellSouth* and entered judgment for defendant because there was no "appropriat[ion of] . . . original elements";[13] and the Ninth Circuit reversed summary judgment for defendants in *Harper House II* because the court found similarity of otherwise unprotected elements sufficient to raise a genuine issue of whether plaintiff could establish the requisite "bodily appropriation."[14] These three divergent approaches and the very different results they achieve cannot be reconciled.

1. *The Second Circuit's decisions in Kregos.*

Mr. Kregos compiled a copyrighted "form or chart of statistics on baseball pitchers." *Kregos v. Associated Press*, 795 F. Supp.

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[12] *Kregos*, 3 F.3d at 663.

[13] *BellSouth*, 999 F.2d at 1445.

[14] *Harper House II*, p. 4a-5a, *infra*.

1325, 1327 (S.D.N.Y. 1992) ("*Kregos III*").[15] Defendant Associated Press ("AP") devised its own pitching form in 1984, admittedly based upon Kregos' form. As a result, and as the district court noted in its first opinion in the case, AP's 1984 form was "identical in virtually every sense" to the Kregos form. *Kregos v. Associated Press,* 731 F. Supp. 113, 115 (S.D.N.Y. 1990) ("*Kregos I*"). In 1986, AP changed some of the statistics used in its form, leaving six of the ten statistics on the AP and Kregos forms "identical." *Kregos v. Associated Press,* 3 F.3d 656, 663 (2d Cir. 1993) ("*Kregos IV*"). Kregos sued AP for infringement.

The district court initially granted AP summary judgment on the grounds that Kregos' form was not copyrightable. In a decision issued shortly after *Feist,* the Second Circuit reversed, holding that the Kregos form displayed sufficient creativity to warrant copyright protection as a compilation in its selection of nine pitching statistics. *Kregos v. Associated Press,* 937 F.2d 700 (2d Cir. 1991) ("*Kregos II*").[16] After reviewing *Feist,* the Second Circuit first determined that the pitching form was not a "blank form" exempt from protection under the Copyright Office's Blank Forms Rule.[17] *See* 37 C.F.R. § 202.1(c) (blank forms "such as . . . scorecards, address books . . . and the like, which are designed for recording information and do not in themselves convey information" are not subject to copyright).

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[15] For consistency, the four published *Kregos* decisions are referred to herein as *Kregos I-IV,* the nomenclature adopted by the Second Circuit in its latest decision, *Kregos v. Associated Press,* 3 F.3d 656 (2d Cir. 1993) *("Kregos IV")*.

[16] The Second Circuit confessed that it was troubled by the lack of any bright lines in deciding when to extend copyright protection to selections of facts. It expressed "some unease because of the risk that protection of selections of data, or, as in this case, categories of data, [will] have the potential for according protection to ideas." 937 F.2d at 707.

[17] *Kregos II,* 937 F.2d at 708-709. In this respect, the Second Circuit interprets the Blank Forms Rule more favorably to the copyright holder than do the Ninth and Eleventh Circuits. *See Bibbero Sys., Inc. v. Colwell Sys., Inc.,* 893 F.2d 1104, 1107 (9th Cir. 1990) (stating that the Second Circuit approach "should be disapproved," and endorsing the Eleventh Circuit's "bright-line" approach to the blank forms rule).

The Second Circuit next delineated the extent of protection to be accorded to Kregos' form under *Feist*. The court determined that Kregos' arrangement was "obvious," "garden-variety" and followed "the patterns of most other forms."*Kregos II,* 937 F.2d at 709. Accordingly, the court concluded, the arrangement was not original to Kregos and received no copyright protection. The court had earlier determined that there could be "no claim of a protectable interest" in Kregos' listing of each day's game, starting pitchers, game time and odds. *Kregos II,* 937 F.2d at 702. As to the other categories on the form, the Second Circuit found that only the selection "of statistics might be entitled to protection." *Id* at 709. Finally, the court held that Kregos "will prevail only against other forms *that can be said to copy his selection,*" and that if someone else displays "the requisite creativity by making a *selection that differs in more than a trivial degree,*" he would not prevail. 937 F.2d at 709-10 (emphasis added). The court reversed and remanded.

On remand, the district court again granted AP's motion for summary judgment. *Kregos III*, 795 F. Supp. 1325.[18] The district court ruled that "no reasonable person could conclude that the inclusion of five different statistics out of the ten used by the 1986 AP form still leaves it substantially similar to the Kregos form." *Id.* at 1333.

This time, the Second Circuit — focusing on the differences between the forms — affirmed summary judgment for defendant AP. *Kregos IV*, 3 F.3d 656. The court determined that, of the nine protected "selections" of statistics used in the Kregos form and the ten used in the AP form, six were identical. *Id.* at 663.[19] The

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[18] Because Kregos delayed in seeking registration of his work and in bringing suit, the court held that his claims for infringement resulting from the 1984 AP form were time-barred. *Kregos III*, 795 F. Supp. at 1331.

[19] The Second Circuit corrected a mistake which "caused the district court to conclude that the 1986 AP form contained *five* out of ten

Second Circuit found, however, that the remaining protectable categories in the forms differed in several ways, and this, the court held, was a difference of "far more than a 'trivial degree.' " *Id.* Thus, notwithstanding the six identical statistical categories, *Kregos IV* affirmed summary judgment because AP's selection of the other four categories had sufficient — *i.e.*, more than trivial — differences from Kregos' selection.

2. *The Eleventh Circuit's decisions in BellSouth.*

In 1985, plaintiff BellSouth ("BAPCO") created, published and distributed telephone directories, including its classified "Yellow Pages" for the Miami, Florida area. Defendant Donnelly decided to publish a competing classified directory. It started by copying information from BAPCO's listings to create a computerized database of potential customers. From the database, Donnelly generated customer "lead sheets" used to sell advertisements and listings in its directories. Donnelly later created its own, hard copy classified directory, again using the database containing "information copied from the BAPCO directory." *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 999 F.2d 1436, 1439 (11th Cir. 1993). BAPCO sued for copyright infringement.

The district court granted summary judgment for plaintiff BAPCO. *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 719 F. Supp. 1551 (S.D. Fla. 1988). A few months after *Feist*, a panel of the Eleventh Circuit affirmed. *BellSouth Advertising & Publishing Corp. v. Donnelly Info. Publishing, Inc.*, 933 F.2d 952 (11th Cir. 1991).

Because Donnelly had conceded that BAPCO's yellow pages "qualifi[ed] as a compilation under 17 U.S.C. § 101," the Eleventh Circuit panel said the issue was whether Donnelly had copied "constituent elements of the work that are original." 933 F.2d at 956 (citing *Feist*). Copyright protects only "the selection, coordination and arrangement which comprises an original *format* of the compilation," the court explained, not the

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different statistics, when in fact, only *four* out of 10 are different." *Kregos IV*, 3 F.3d at 664.

"information contained in the directory." *Id.* at 957 (emphasis original). The infringement issue, the panel held, therefore turned on whether there was a substantial appropriation of the format of plaintiff's compilation. *Id.* The court determined that Donnelly had copied the "essence" of BAPCO's compilation into the computer data base. Although the "additional advertisements interspersed throughout" BAPCO's directory were "arranged differently or omitted in Donnelly's directory, the overall format . . . is substantially appropriated." *Id.* at 959-60.

Two years later, the Eleventh Circuit granted rehearing en banc. 977 F.2d 1435 (11th Cir. 1992). In its en banc decision, the Eleventh Circuit reversed summary judgment for BAPCO and entered judgment for Donnelly as a matter of law. 999 F.2d 1436 (1993).[20] The en banc Eleventh Circuit began at the same place as the panel decision — *Feist*'s statement that infringement requires copying of the "constituent elements of the work that are original." *Id.* at 1440, 1445. But the en banc decision noted that Donnelly did not copy "the text or graphic material" from BAPCO's advertisements or its arrangement. *Id.* at 1445. Neither the format of the pages in four columns nor its arrangement into alphabetized business classifications was original with BAPCO. *Id.* at 1445. Thus, despite the great quantity of material admittedly copied (*e.g.*, "the name, address, telephone number, business type, and unit of advertisement purchased for each" of more than a thousand listings), Donnelly did not appropriate original selection, coordination or arrangement. *Id.* at 1446.[21]

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[20] Underscoring the wide latitude for varied interpretation of the standard for infringement of a compilation after *Feist*, the unanimous Eleventh Circuit panel and the en banc decision (with only one judge dissenting) both applied *Feist* to the identical record on summary judgment, but reached diametrically opposed results. *Compare BellSouth*, 933 F.2d at 956-60 *with BellSouth*, 999 F.2d at 1440-45. Further, both the majority and dissent (the lone panel member sitting en banc) in the en banc decision purported to embrace the Second Circuit's decision in *Key Publications, Inc. v. Chinatown Today Publishing Enters.*, 945 F.2d 509, 514 (2d Cir. 1991). *See* 999 F.2d at 1445 and 1473; note 21, *infra*.

The en banc *BellSouth* decision carefully eliminated from its infringement analysis unprotected elements common to the works in issue to determine whether there had been actionable infringement of the copyrighted compilation. The court emphasized the importance of distinguishing between similarities "attributable to ideas, which are unprotected per se, or to expression not owned by the copyright holder," and similarities resulting from copying "the compiler's original elements." *Id.* at 1445. As a result, the court held that, in copying the unprotected name, address, telephone number and business type from BAPCO directory, Donnelly merely copied unprotected information and did not infringe upon BAPCO's copyright. *Id.*

3. *The Ninth Circuit's decisions in Harper House.*

As noted above (pp. 7-10), *Harper House I* reversed a judgment for a copyright plaintiff because the jury instructions allowed a verdict to be rendered based on mere copying of unprotected elements. On remand, the district court applied Rule 56 to the undisputed facts (the admitted copying and the organizers themselves) to determine whether a reasonable jury could find "that the selection, coordination or arrangement" of petitioners' organizer infringed upon respondent's organizers. The district court started with the obvious: "the selection of elements within the organizer[s] is quite dissimilar." P. 15a, *infra.* It found that "none of the forms in defendants' [petitioners'] organizer are 'identical' to any of the forms in plaintiff's [respondent's] organizers." *Id.* Petitioners' organizer "includes 12 tabs and 22 types of forms, whereas [respondent's] plaintiff's ... has only [eight] tabs and 15 types of forms." *Id.*[22]

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[21] The *BellSouth* en banc decision quoted with approval from the Second Circuit's *Key Publications* decision interpreting *Feist:*

> [T]he components of a compilation are generally in the public domain, and a finding of substantial similarity or even absolute identity as to matters in the public domain will not suffice to prove infringement. . . . *Key Publications, Inc. v. Chinatown Today Publishing Enters., Inc.*, 945 F.2d 509, 514 (2nd Cir. 1991) (citations omitted).

999 F.2d at 1445 n.22; *see* note 26, *infra.*

The district court then turned to the "coordination" or "arrangement" (which, for purposes of this analysis, it found to be synonymous). Recognizing that respondent's organizers receive very limited copyright protection, the court observed that there are "only so many logical ways to arrange an organizer for purposes of utility and convenience." *Id.* at pp. 15a-16a, *infra*. In that context — *i.e.*, comparing two arrangements that receive very little protection — the court found "the arrangement of forms in plaintiff's organizers is markedly different from that of defendants' organizer." *Id.* at p. 16a, *infra*. Accordingly, the district court granted summary judgment for petitioners.

In *Harper House II*, p. 1a, *infra*, the Ninth Circuit reversed. Although the court noted *Harper House I*'s admonition that copyright protection "is limited to Harper House's *unique* 'selection, coordination, or arrangement' of the various unprotectable materials in its organizers," *id.* at p. 3a, *infra* (emphasis added) (citing *Harper House I*, 889 F. 2d at 205 (p. 32a-33a, *infra*) and *Feist*, 111 S. Ct. at 1295), the court's analysis in *Harper House II* ignored the crucial modifier "unique." The court actually applied an infringement standard that required only " 'bodily appropriation' of the [plaintiff's] selection, coordination and arrangement." *Id.* at pp. 3a-4a, *infra*. Indeed, not only was the Ninth Circuit's analysis not limited to *protected* expression, the court's holding that there was "sufficient similarity" in the "selection and arrangement" of the two organizers to warrant a trial was based *solely* on similarities in three nonprotectable elements in the organizers — forms, labels and functional features.

First, the court in *Harper House II* relied on the similarity resulting from petitioners' alleged copying of the "monthly calendar arrangement except for putting Saturday and Sunday on the left instead of the right." *Harper House II*, p. 5a, *infra*. It had previously held that this arrangement could receive no copyright protection at all because it constitutes a "standard format, with no special features or artwork." *Harper House I*, p. 31a n.5, *infra.*[23]

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[22] The district court decision contains a typographical error, stating that respondent's organizer has "18" tabs when in fact there are eight. *See* p. 15a, *infra; see also* pp.77a-79a, *infra*.

Second, the *Harper House II* court pointed to the similarity "of 63 of the 76 words used as sticker labels" in respondent's label sheet (*see* p. 4a, *infra*), despite its previous recognition of the rule that "[c]opyright does not extend to names, titles and short phrases such as column headings, simple checklists and the like." P. 17a n.12, *infra*;[24] *see* p. 30a, *infra.*

Third, the court in *Harper House II* relied on similarities between two functional elements — "a place for a pen" and a blank pad of writing paper. *See* p. 5a, *infra.* Both, however, are utilitarian features it had already held not protectable by copyright (*Harper House I*, p. 28a, *infra*); moreover, both are commonly found in other organizers.[25]

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[23] In any event, petitioners used a calendar starting the week with Saturday and Sunday whereas respondent's calendars start on Monday. As the Ninth Circuit acknowledged, under the merger doctrine "there are only so many ways that a calendar can be presented." *Harper House II*, p. 5a, *infra.* Nine of the thirteen third party organizers in the record start with Monday, the same "arrangement" used by respondent and most business calendars. *See* Exs. 599, 700, 701, 705, 706, 707, 709, 711 and 713.

[24] As the district court recognized:

> Plaintiff argues that its label sheets alone constitute a copyrightable compilation. Plaintiff's Opposition, p. 14. The Ninth Circuit, however, held that the only element of the organizer that is separately protectable is "the text of the instructions." Id. at 205 [*Harper House I*, p. 33a, *infra*]. Further, the Ninth Circuit cited with approval Copyright Office Circular R-32, which provides, in pertinent part:
>
>> Copyright does not extend to names, titles and short phrases such as column headings, simple checklists and the like . . .

P. 17a n.12, *infra.*

[25] Five out of the 13 competing third-party organizers before the district court have a "pad in the back" (Exs. 599, 700, 707, 709, 713) and 11 have at least one "place for a pen," Exs. 599, 700, 703, 705-709,

These three similarities are the only ones cited in *Harper House II*. According to the Ninth Circuit, they are "sufficient" to "raise a genuine issue for trial" even in the face of "the inclusion of additional sections" and what it characterized as "some limited reshuffling of sections in defendants' organizer." P. 5a, *infra*.

4. *Harper House II conflicts with BellSouth and Kregos.*

The Ninth Circuit's decision in *Harper House II* conflicts irreconcilably with the decisions of the Eleventh Circuit in ***BellSouth*** and the Second Circuit in *Kregos*. *Harper House II's* exclusive reliance on the unoriginal and otherwise unprotected similarities in evaluating infringement of a compilation is squarely rejected by the en banc Eleventh Circuit. In ***BellSouth***, the en banc court concluded that, although the district court "purport[ed] to consider whether Donnelly copied the original elements of selection, arrangement or coordination," it in fact erroneously engaged in a "comparison of the appearance of corresponding pages." ***BellSouth***, 999 F.2d at 1444. Such a comparison, the Eleventh Circuit held, is inappropriate under *Feist*:

> By comparing the overall appearance of the two directories through its comparison of the corresponding pages, the District Court effectively failed to consider whether Donnelly copied the "constituent elements of the work that are original." *Feist*, ____ U.S. ____, 111 S. Ct. at 1296.

BellSouth, 999 F.2d at 1445.

In contrast, although the Ninth Circuit stated that comparing unprotectable pages of the organizers is inappropriate in determining infringement, the court created an exception that swallows the rule:

> We hold that page-by-page comparison is inappropriate and misleadingly prejudicial to the extent that it is considered for a purpose other than to determine if the second compiler has

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712-714. Moreover, one of respondent's organizers has a place for two pens; petitioners' can hold only one pen. *Compare* Exs. 69 *and* 220 *with* Ex. 55.

> bodily appropriated the selection, coordination or arrangement of the first compiler.

P. 4a, *infra*. Thus, in the Ninth Circuit, in contrast with the Eleventh Circuit, "page-by-page comparison" of unprotected and unoriginal elements is not only appropriate in determining whether "the second compiler has bodily appropriated the selection, coordination or arrangement of the first," such a comparison of unprotected elements is sufficient to get the copyright holder to a jury.[26]

Additionally, the exclusive focus of the Ninth Circuit in *Harper House II* on the *"similarities"* between elements of the two organizers directly conflicts with the Second Circuit's requirement in *Kregos IV* that the relevant inquiry focus instead on whether there are more than "trivial *differences*" between the two compilations before the court. *Kregos IV*, 3 F.3d at 663 (emphasis added). The Ninth Circuit in *Harper House II* concluded that "the inclusion of additional sections and some limited reshuffling of sections in defendants' [petitioners'] organizer"[27] is "insufficient to take this issue out of the hands of the jury" when "there is *sufficient similarity*" in other, unprotected elements. P. 5a, *infra*. The Second Circuit in *Kregos IV*, however, concluded that because four of defendant AP's ten categories of information were not identical to plaintiff's categories, AP's compilation "*differ[ed]*" in "more than a trivial degree." 3 F.3d at 663 (emphasis added) (quoting *Kregos II*, 937 F.2d at 710).

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[26] In another post-*Feist* compilation decision, the Second Circuit affirmed summary judgment for the defendant and made abundantly clear that only *original* selection, coordination and arrangement should be considered:

> What must be shown is substantial similarity between *those elements, and only those elements* that provide copyrightability to the allegedly infringed compilation. *Key Publications Inc. v. Chinatown Today Publishing Inc.*, 945 F. 2d 509, 514 (2d Cir. 1991) (emphasis added).

Harper House contravenes this Second Circuit rule.

In yet another post-*Feist* decision, the Ninth Circuit was less certain:

> The degree to which unprotected or unprotectable features must be eliminated from a comparison of two works is difficult to say.

Brown Bag Software v. Symantec Corp., 960 F.2d 1465, 1476, n.4 (9th Cir. 1992) (citing *Feist*). The court in *Brown Bag* affirmed summary judgment for the defendant and approved the district court's analytical dissection of the copyrighted works to exclude unprotectable elements before evaluating similarities. It would be anomalous if respondent's organizer, a compilation that enjoys only "thin" protection, were afforded greater protection than the literary work — an outlining software program — involved in *Brown Bag*.

This conflict between the Ninth and Second Circuits lies in their respective approaches to the infringement analysis. The Ninth Circuit indiscriminately focused on unprotectable similarities; the Second Circuit focused instead on differences between protectable elements. Thus, in the Ninth Circuit, the addition of four sections (consisting of eleven forms) did not warrant summary judgment, while in the Second Circuit, *Kregos IV* held that the slight alteration of four categories required summary judgment.

There can be little doubt that had the Second Circuit—with its focus on differences—reviewed petitioners' summary judgment, and the many differences between the organizers (*see* pp. 5-7, *supra*), it would also have affirmed here as it did in *Kregos IV*. Conversely, had the Ninth Circuit — with its focus on similarities — reviewed the facts of *Kregos* and the similarities in the forms involved there that are literally identical in six of ten categories, it would have reversed.

Indeed, the Ninth Circuit's holding in *Harper House II* would effectively preclude summary judgment in virtually all compilation cases, which invariably involve similarities among unprotectable elements. Compilations, by definition, are composed of preexisting materials. 17 U.S.C. § 101. A later compiler typically will copy unprotectable elements from earlier compilations. Under the broad holding of *Harper House II*, therefore, a trial would result in every compilation case where there has been admitted copying of a not insubstantial amount of unprotected material. Such a result would frustrate the policy of encouraging competition that underlies the law's refusal to extend a copyright's monopoly to unprotected common property, blank forms and functional features.[28]

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[27] The mere presence of "limited reshuffling" is inconsequential. As *Feist* teaches, facts and otherwise unprotected elements may be "reshuffled by second comers, even if the author was the first to discover the facts or to propose the ideas." 111 S. Ct. at 1289 (quoting Jane C. Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information*, 90 Colum. L. Rev. 1865, 1868 (1990)). The issue is whether, after the reshuffling, the second compiler has copied "the constituent elements of the work that are original," *i.e.* its original selection, coordination or arrangement. *Feist*, 111 S. Ct. at 1296.

C. *If not resolved, the conflicts will recur.*

The procedural histories of *Harper House, BellSouth* and *Kregos* each reveal strikingly protracted and wasteful trajectories. *Harper House* involves allegedly infringing organizers marketed in 1985; *BellSouth*, yellow pages published in 1984; and *Kregos*, a pitching form first used in 1984 and revised in 1986. Each case has traveled up and down between the trial and appellate courts in the intervening years, resulting in multiple judicial decisions.

These cases all involve copyrightable works with relatively little expressive content. Admitted copying of a work accorded only thin copyright protection should not generate protracted, interminable litigation incapable of summary disposition. Without further guidance from this Court, compilation cases will continue to follow the same wasteful pattern, employing conflicting standards and producing inconsistent results in the many different factual settings that reach the courts.[29]

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[28] Imitation of nonprotectable material is encouraged as "the life blood of competition . . . that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity." *Towle Mfg. Co. v. Godinger Silver Art Co.*, 612 F. Supp. 986, 993 (S.D.N.Y. 1985). As noted previously, defendants' Time Maker sold for $19.95 to $24.95, about half of the price of the Harper House organizers, and was aimed at a different market. As the Ninth Circuit noted in *Harper House I*, copyright infringement actions must be properly limited "to protect legitimate activity and avoid the suffocation of competition." P. 37a, *infra*.

For example, since *Feist*, the issue has arisen repeatedly in cases involving compilations of video-game and software-program screen displays. *E.g.*, *Atari Games Corp. v. Oman*, 979 F.2d 242, 245 (D.C. Cir. 1992) (finding video game display — including simple elements of abstract shape and color, limited movement, and synchronized sounds — "analogous to the compilation of facts discussed in *Feist*"); *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 831 F. Supp. 223, 231 (D. Mass. 1993) (citing only *Feist* and finding plaintiff's "menu tree" display copyrightable as a type of compilation), *appeal docketed*, No. 93-2214 (1st Cir. Nov. 9, 1993); *Apple Computer Inc. v. Microsoft Corp.*, 799 F. Supp. 1006, 1023 (N.D. Cal. 1992) (citing only *Harper House I* and analyzing one part of a "menu" display under a compilation theory), *appeal docketed*, Nos. 93-16867, -16869, -16883 (9th Cir. Nov. 17, 1993). In one sense, software screen-display compilations are far removed from the more pedestrian white pages of *Feist*. Nonetheless, the scope of protectable material in more sophisticated works may be as "thin" as in any other compilation of unprotectable material.[30] Cases involving compilations that combine new technologies and low protectability have encountered, if anything, greater confusion after *Feist*.

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[29] During the period from 1980 to the 1991 decision in *Feist*, compilation infringement cases included a wide variety of works and media. *See, e.g.*, *Business Trends Analysts, Inc. v. Freedonia Group Inc.*, 887 F.2d 399 (2d Cir. 1989) (study of the robotics industry); *West Publishing Co. v. Mead Data Central, Inc.*, 799 F.2d 1219 (8th Cir. 1986) (arrangement of legal opinions in case reporter), *cert. denied*, 479 U.S. 1070 (1987); *Eckes v. Card Prices Update*, 736 F.2d 859 (2d Cir. 1984) (price guide for collectible baseball cards); *Roy Export Co. v. CBS Inc.*, 672 F.2d 1095 (2d Cir.) (thirteen-minute montage of classic scenes from films starring Charlie Chaplin), *cert. denied*, 459 U.S. 826 (1982); *Nester's Map & Guide Corp. v. Hagstrom Map Co.*, 796 F. Supp. 729 (E.D.N.Y. 1992) (taxi drivers' guide); *Nash v. CBS Inc.*, 691 F. Supp. 140, 142 n.3 (N.D. Ill. 1988) (collection of photographs); *Regents of Univ. of Minn. v. Applied Innovations, Inc.*, 685 F. Supp. 698 (D. Minn. 1987) (data-entry tables for analysis of personality disorders); *National Business Lists, Inc. v. Dun & Bradstreet*, Inc., 552 F. Supp. 89, 90, 92-96 (N.D. Ill. 1982) (credit reference books and business directories; also, collecting many pre-1980 compilation cases); *Marling v. Ellison*, 218 U.S.P.Q. (BNA) 702 (S.D. Fla. 1982) (German and Spanish culinary compendia); *Quinto v. Legal Times of Washington, Inc.*, 506 F. Supp. 554 (D.D.C. 1981) (collection of quotations from Harvard Law School students describing experiences as summer associates).

A decision from this Court harmonizing the standard for compilation infringement would also clarify the standard for summary judgment, an efficient procedural vehicle to resolve these cases with dispatch when there are no genuine issues of material fact. "Summary judgment may be appropriate when the similarity between the competing works concerns only '*non*-copyrightable elements of plaintiffs' work.'" *Kregos IV*, 3 F.3d at 663. Not only are all three of the cases now before the Court summary judgments, almost every other significant compilation decision discussed herein — *Feist, Bibbero, Brown Bag, Apple v. Microsoft, Lotus v. Borland*, and *Key Publications*—involves an appeal from summary judgment. This should be expected because typically there are few disputed issues of fact in compilation cases. Copyrightability and copying are often admitted. The strictly legal issue that has confounded the courts is what degree of copying rises to the level of infringement of the "thin" copyright protection.

Finally, a decision from this Court clarifying the standard for compilation infringement would have importance far beyond the facts of *Harper House II*.[31] In today's "information age," predict-

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[30] *See Digital Communications Assocs., Inc. v. SoftKlone Distrib. Corp.*, 659 F. Supp. 449, 463 (N.D. Ga. 1987) (holding that screen display is "properly considered a 'compilation'" after exhaustive analysis of blank forms rule and *Baker v. Seldin*, 101 U.S. 99 (1879); also finding infringement after questionable, pre-*Feist* substantial similarity analysis).

[31] This case presents an excellent vehicle for consideration of the issue presented: (1) The decision below is based squarely on application of a legal standard that focuses on similarity of unprotected elements rather than the differences between protectable elements of the two organizers, and it is not fact specific; (2) the legal issue has been the subject of four

able access to the latest facts and data is vital to progress. Collections of facts, data and other common property — from conventional, hard copy catalogs and directories to the latest software innovations and many new electronic databases — are increasingly relied upon in virtually every segment of commerce. Progress is made only by building upon the knowledge and discovery of others. Under *Feist*, it is settled that a compiler need use only "minimal" originality to garner copyright protection; but the scope of that resulting protection is far from clear. The unsettled law, as it now stands, needlessly thwarts "the primary objective of copyright . . . to promote the Progress of Science and Useful Arts." *Feist,* 111 S. Ct. at 1290. Unless this Court gives guidance to the lower courts, compilation copyright questions will continue to vex compilers and courts alike.

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written decisions in this case, which fully illuminate the issue for this Court's review; and (3) the fundamental nature of the conflicts between *Harper House II* and the decisions of the Second and Eleventh Circuits render it highly unlikely that the circuits themselves will resolve the issue.

CONCLUSION

For the foregoing reasons, petitioners respectfully pray that this Court issue the writ and reverse the decision below.

Respectfully submitted,

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APPENDIX A

NOT FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

Harper House, Inc.
Plaintiff-Appellant,

v.

Thomas Nelson, Inc.; Time Maker, Inc.; National Media Group;
R.M. Marketing, Inc.,
Defendants-Appellees.

No. 91-55426

D.C. No. CV-85-4225-RMT

Harper House, Inc.
Plaintiff-Appellee,

v.

Thomas Nelson, Inc.; Time Maker, Inc., a corporation;
National Media Group;
R.M. Marketing, Inc.,
Defendants-Appellants.

No. 91-55550

D.C. No. CV-85-4225-RMT

Harper House, Inc.
Plaintiff-Appellee,

v.

Thomas Nelson, Inc.; Time Maker, Inc.; National Media Group;
R.M. Marketing, Inc.,
Defendants-Appellants.

No. 91-55774

D.C. No. CV-85-4225-RMT

MEMORANDUM*

Filed September 10, 1993

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*This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

Appeal from the United States District Court
for the Central District of California
Robert M. Takasugi, District Judge, Presiding

Argued and Submitted November 10, 1992
Submission Vacated December 4, 1992
Resubmitted May 5, 1993
Pasadena, California
[Filed September 10, 1993]

Before: GOODWIN, D.W. NELSON, and BOOCHEVER,
Circuit Judges.

This case is before us for the second time. Because the facts are set out in detail in our prior decision, *see Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197 (9th Cir. 1989) ("*Harper House I*"), we note briefly here that plaintiff Harper House, Inc. ("Harper House") brought an action for copyright infringement and unfair competition against defendants Thomas Nelson, Inc., R.M. Marketing, National Media Group, and Time Maker, Inc. (collectively "defendants"). Harper House claimed that defendants' personal organizer, sold under the registered trade name "Time Maker," was substantially a copy of Harper House's personal organizers, sold under the trade names "Day Runner" and "Running Mate." In *Harper House I*, we vacated a verdict and judgment in favor of the plaintiff because of errors in the way the district court instructed the jury. 889 F.2d at 208. On remand, the district court granted summary judgment in favor of defendants. Harper House appeals the summary judgment, and defendants cross-appeal certain evidentiary and cost rulings. We reverse.

I. Copyright Infringement

On remand, the district court observed that under our prior rulings pertaining to blank forms, common property, and useful articles, the individual pages of Harper House's organizers were unprotectable. Then, applying the standard we enunciated in *Harper House I*, the district court granted the defendants' motion for summary judgment after determining as a matter of law that no reasonable jury could find that the defendants had "bodily appropriated" Harper House's organizers. We review the district court's summary judgment de novo, *Narell v. Freeman*, 872 F.2d 907, 909 (9th Cir. 1989), and conclude that the matter should be submitted to a jury.[1]

Even though the individual pages of Harper House's organizers were not protectable, we made clear in our prior decision that Harper House's organizers were still within the subject matter of copyright, protectable as compilations under section 101 of the Copyright Act of 1976. That protection, however, is limited to Harper House's unique "selection, coordination, or arrangement" of the various unprotectable material in its organizers.[2] *See Harper House I*, 889 F.2d at 205; *see also Feist Publications v. Rural Telephone Serv. Co.*, 111 S. Ct. 1282, 1295 (1991). The question before us is therefore a narrow one: whether defendants unlawfully appropriated the unique selection, coordination or arrangement of Harper House's organizers.

We generally require that the plaintiff show "substantial similarity" of expression between both works for a finding of infringement. However, "the degree of substantial similarity required to show infringement varies according to the type of work and the ideas expressed in it." *Landsberg v. Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 488 (9th Cir.), *cert. denied*, 469 U.S. 1037 (1984). In *Harper House I*, we held that "copyright infringement of compilations consisting largely of uncopyrightable elements should not be found in the absence of 'bodily appropriation of expression.'" 889 F.2d at 205 (quoting *Worth v. Selchow*

---

[1] Although we reverse summary judgment, we reject Harper House's argument that summary judgment is precluded under *Shaw v. Lindheim*, 908 F.2d 531 (9th Cir. 1990). *Shaw* by its own terms is limited to literary works, *id.* at 537, and cannot be readily applied to compilation cases. The question of infringement in compilation cases is necessarily much more narrow than in more artistic works. *See Cooling Sys. & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 492-93 & n.9 (9th Cir. 1985).

[2] We also acknowledged that Harper House was entitled to protection of the instructional text and headings contained in their organizers as literary works. These items, however, are not at issue in this case.

& Righter Co., 827 F.2d 569, 573 (9th Cir. 1987)). This standard takes into account that compilations comprised mainly of uncopyrightable elements, like factual compilations, merit only extremely limited copyright protection, *id.*, and that the range of expression in such works is limited. *See Cooling Sys. & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 491; *Landsberg*, 736 F.2d at 488. Accordingly, to prove infringement, Harper House must show that defendants "bodily appropriated" the selection, coordination or arrangement of their organizers.

In attempting to show infringement, Harper House focuses the court's attention on a comparison of individual pages from its organizers and those of defendants. Harper House argues that in comparing the "selection, coordination, and arrangement" of the organizers, the work as a whole must be considered, including those elements that are not copyrightable. *See McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 321 (9th Cir. 1987) (holding that uncopyrightable material may be considered in evaluating substantial similarity in cases involving artistic works).

We hold that page-by-page comparison is inappropriate and misleadingly prejudicial to the extent it is considered for a purpose other than to determine if the second compiler has bodily appropriated the selection, coordination or arrangement of the first compiler. Only the unique selection, arrangement and coordination of the works as a whole may be compared. *See Cooling Sys. & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 493 (9th Cir. 1985). Clearly, of course, this requires some analysis of the unprotected material; but we emphasize that such an analysis must be limited to a determination whether there has been "bodily appropriation" of the selection and arrangement of the unprotected elements in Harper House's organizers. *See Harper House I*, 889 F.2d at 205.

Although the protection afforded Harper House's organizers is limited, it is not non-existent. There are some differences in selection and arrangement between Harper House's organizers and Time Maker, defendants' organizer. The most significant is that Time Maker included four sections that have no counterparts in Harper House's organizers. On the other hand, we note that Nelson copied 63 of the 76 words used as sticker labels in Harper

House's Day Runner, even copying unusual spellings such as "station'ry," "invstmnts" and "rest'r'nts." Also, while there are only so many ways a calendar can be presented, Nelson copied Harper's monthly calendar arrangement except for putting Saturday and Sunday on the left instead of the right. This copying included the small lettering for each week as "wk1, wk2." In addition, each organizer has a pad in the back of the book and a place for a pen.

We find the inclusion of additional sections and some limited reshuffling of sections in defendants' organizer to be insufficient to take this issue out of the hands of the jury. There is sufficient similarity in the selection and arrangement of the organizers to raise a genuine issue for trial.

II. Pre-Trial Evidentiary Rulings

Because we reverse the summary judgment, and again remand the case, we must consider the cross-appeal. Defendants contend that the district court erred in issuing a blanket order limiting all witnesses and exhibits to those allowed in the first trial. We review a district court's evidentiary rulings for an abuse of discretion. *United States v. Tham*, 960 F.2d 1391, 1397 (9th Cir. 1991).

Harper House defends the district court's order on the ground that the evidentiary rulings governing the first trial have become "law of the case." Harper House also suggests that the adverse evidentiary rulings were brought on by bad faith on the part of the defendants. We need not tarry very long on this point. Under the "law of the case" doctrine in this circuit, "it is error for a court upon retrial to reverse an identical evidentiary ruling made during the first trial, barring clear error or a change in circumstances." *Id.* Here, we have a clear change in circumstances. We have a new case, with new law, and a new legal environment for any trial that may be required. It would be unfair to all parties to hold them to evidence that was presented in the first trial if in fact different evidence has become material because of the new legal environment of the litigation.

In order to clear the field for a trial based on the actual facts and the law as outlined in *Harper House I* and in this disposition, we vacate the district court's blanket order. The parties are free to ask the trial judge to reconsider evidentiary rulings that are inconsistent with the new legal circumstances of the case.

III. Costs

After we reversed and remanded in *Harper House I*, defendants, as the prevailing parties, applied for taxation of their costs on appeal pursuant to Rule 39 of the Federal Rules of Appellate Procedure. The district court, however, held that defendants would not be able to recover the costs of a supersedeas bond, totalling $43,590, on the ground that the bond premium had been advanced by defendants' insurer rather than directly by defendants. This ruling was error.

It is immaterial whether the appellant obtained the bond from insurance or by borrowing from relatives. The appellant prevailed on appeal, and the cost of the bond is part of the costs to which the prevailing appellant is entitled as a matter of law and equity.

On remand, the district court will determine, as a matter of fact, whether the premium for the supersedeas bond was actually paid, and if such costs were in fact incurred, they may be recovered as a matter of right.

The summary judgment is REVERSED, the rulings on preclusion of evidence are VACATED, and the ruling on the cost bill is VACATED and REMANDED for a factual determination. The cause is remanded for further proceedings, with costs on appeal to the appellant as the prevailing party.

APPENDIX B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HARPER HOUSE, INC.,
a California corporation,

Plaintiff,

vs.

THOMAS NELSON, INC.,
a corporation,
TIME MAKER, INC.,
a corporation,
NATIONAL MEDIA GROUP,
a corporation,
R.M. MARKETING, INC.,
a corporation, and
THOMAS NELSON, INC.,
TIME MAKER, INC.,
R.M. MARKETING, INC. and
NATIONAL MEDIA GROUP,
a partnership,

Defendants.

No. CV 85-4225-RMT
MEMORANDUM
Filed March 7, 1991

I.

FACTUAL AND PROCEDURAL HISTORY

This action was tried before a jury in this Court in May 1987 (Rymer, J. presiding). The jury rendered a verdict for plaintiff Harper House, Inc. on its copyright infringement and unfair competition claims. Defendants Thomas Nelson, Inc. et al. appealed. On October 31, 1989, the Ninth Circuit reversed the judgment on all claims and remanded only the copyright infringement claim. Harper House had filed suit against Thomas Nelson et al. for the manufacturing and production of an "organizer" named "Time Maker" which plaintiff claims infringed upon its copyrighted "Running Mate" organizer. As recited in the Ninth Circuit's decision:

> Harper House's trial witness described organizers as products intended to help people deal with the tremendous amount of information that they must absorb in order to keep up in a modern, complex world.
>
> * * *
>
> Defendants describe organizers in less grandiose terms. They contend that an organizer is a collection of blank forms for recording calendar information and often-used dates, addresses and telephone numbers. Typically, the blank forms are contained in a loose-leaf binder, with tabs to identify and separate the various sections. Additional forms and up-to-date calendars can later be inserted into the loose-leaf binder. Virtually all organizers contain calendars, telephone and address pages, and sections for recording daily activities. Other features of an organizer can vary widely, depending on information the designer considers most useful, the market for which the organizer is intended, and the format and graphic design chose.

Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197, 198 (9th Cir. 1989).

The Ninth Circuit's decision also describes the pertinent background facts about the parties:

> (Plaintiff) Harper House was established in 1980, and has grown to be a leading seller of organizers. It first produced 'Day Runner' in 1992, and followed with 'Running Mate,' a smaller more compact organizer, in 1984.
>
> * * *
>
> Defendant Thomas Nelson, Inc. is a well-known Tennessee-based publisher, mostly of bibles and other items with religious themes. The other three defendants are R.M. Marketing, National Media Group and Time Maker, Inc., all companies located in Pennsylvania and related to each other.

Id. at 199.

There is no dispute that in designing their own organizer, known as the "Time Maker," defendants looked at preexisting materials, including plaintiff's organizers. In the words of the Ninth Circuit:

> Defendants decided to produce an organizer, eventually named the 'Time Maker.' * * * [T]he defendants did not design the Time Maker from scratch. Much of Time Maker was based upon Harper House's organizers, which defendants had identified as the best organizers currently available.
>
> * * *
>
> Many of the blank forms for Time Maker were marked-up versions of forms contained in Harper House's organizers, with little or no change. On the other hand, Time Maker also contains many forms not copied or derived from Harper House's organizers. Notably, Time Maker includes many specialized forms for homemakers, such as a weekly menu planner and pre-printed grocery lists. Time Maker also has a binder very similar to that of Harper House's Running Mate, including pockets for business cards, a calculator, a note pad and pens.
>
> The Harper House organizers and the final version of Time Maker each contain at least several pages of instructional text. * * * The organizers' instructions describe features and proper use. The Time Maker instructions bear no apparent similarity to the Harper House instructions in their choice of words or their arrangement.

Id. at 199.[1]

---

[1] Defendants created two versions of their organizer, a prototype, Time Maker I, and a production version, Time Makers II. Time Maker I was used in television and print advertising only; it "was never sold to consumers." *Id.* at 200. Time Maker II was sold to the public and is therefore the focus of plaintiff's copyright claim.

II.

IMPACT OF NINTH CIRCUIT DECISION

In the first trial, the parties stipulated that the district court should decide the issue of copyrightability. The court found that the organizers were copyrightable and so instructed the jury. The Ninth Circuit reversed in several respects, narrowing the scope of copyrightability, and holding that the jury instructions did not adequately distinguish between unprotectable material, which the defendants were free to copy, and the plaintiff's unique selection, coordination or arrangement of such material, which alone was protected by copyright.

First, the Ninth Circuit maintained that its decision in *Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983) and the "useful article" rule rendered the nontextual aspects of plaintiff's organizers uncopyrightable:

> hinges, pockets to hold keys, coins and a calculator, and graph paper to allow users to write in their preferred size. These elements, as well as any utilitarian, nontextual aspects of the calendar pages, address/telephone pages, other blank forms, ruler and note paper are not copyrightable. Paper for writing, even ruled paper, is a utilitarian object. Under *Fabrica*, the nontextual utilitarian features of Harper House organizers ***are not subject to copyright protection.***

Harper House, 889 F.2d at 202-203 (emphasis added). Under this rule, defendants may, in accordance with copyright law, copy the aesthetic design of the Harper House organizers, including the graphic or artistic design of the pages, tabs and binder. Plaintiff's organizers are protected as "literary" compilations of text and data only, and not as "pictorial, graphic or sculptural" compilations. *Id.*[2]

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[2] According to the Ninth Circuit:

> The nontextual elements of the organizer (binder, ruler, pockets, hinges, graphic design of the blank forms, and other similar items) would seem to be a compilation of 'two-dimensional and three-dimensional . . . graphic, and applied art, . . . maps, . . . charts, . . . [and] diagrams:' pictorial, graphic and sculptural work as defined

Second, the Ninth Circuit held that the Copyright Office's long standing blank forms rule (37 C.F.R. § 202.1(d)), precluding any protection to forms designed to record information, "appl[ies] to many of the forms in Harper House's organizers." *Id.* at 204. Additionally, the Court pronounced that the common property or factual information pages in plaintiff's organizers were not copyrightable:

> [T]he area code/time zone map allegedly copied by defendants appears identical to that contained in most telephone directories and address books. The calendars are in standard formats, with no special features or art work.
>
> * * *
>
> Blank forms and common property contained in Harper House's organizers *are not copyrightable.*

Id. at 204, n. 4. (emphasis added).

Significantly, the Ninth Circuit held that, as copyrightable compilations of text and data, plaintiff's organizers enjoy very limited copyright protection:

> While many of the elements making up the organizers may not be copyrightable in and of themselves, the *unique 'selection, coordination or arrangement' of such elements*, in combination with copyrightable elements such as the text of the instructions, is copyrightable as a compilation.
>
> * * *
>
> Even if an organizer is copyrightable as a compilation, however, it warrants only *extremely limited copyright protection.*

Id. at 204-05 (emphasis added).

Concomitantly, plaintiff's organizers can only be infringed if defendants bodily appropriated or identically reproduced almost the entirety of plaintiff's organizers:

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at 17 U.S.C. § 101, not literary work. Such pictorial, graphic and sculptural elements come within the useful article exception and are not copyrightable in and of themselves.

Id. at 203, n. 4.

> [C]opyright infringement of compilations consisting largely of uncopyrightable elements *should not be found in the absence of 'bodily appropriation of expression*. . . . Such a standard would be in keeping with cases relied on by the district court involving similar items. *Baldwin Cooke, Edwin K. Williams & Co.*, and *Cash Dividend Check Corp.*, each involved 'bodily appropriation' — *copying or unauthorized use of substantially the entire item*.[3]

Id. (emphasis added).

III.

APPLICATION OF NINTH CIRCUIT'S OPINION TO THE INSTANT MOTION

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment is proper if "there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Based upon the Ninth Circuit's opinion in this case, the limited protection enjoyed by plaintiff's organizers can only be infringed if plaintiff can show that defendants bodily appropriated substantially the entirety of plaintiff's organizers. Although the Court noted that this issue is dispositive, the Ninth Circuit did not rule on it one way or the other. Defendant asserts that the circuit court did not decide the issue because it recognized that this Court (Judge Rymer) had not yet considered the issue in the context of the extremely limited scope of copyright protection available to plaintiff's organizers.[4]

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[3] In *Baldwin Cooke Co. v. Keith Clarke, Inc.*, 383 F. Supp. 650 (N.D. Ill.), *aff'd*, 505 F.2d 1250 (7th Cir. 1974), the defendant included exactly the same forms as those found in the plaintiff's planner, and advertised its planner as meeting demands for a product such as plaintiff's planner. Both planners were 140 pages long, and the layout, organization, artwork and lists were identical. *Id.* at 656. In *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-East*, 542 F.2d 1053 (9th Cir. 1976), the defendant was a corporation related to plaintiff which used plaintiff's entire work in an unauthorized manner. *Id.* at 1055-59.

In response, plaintiffs argue that defendants' motion is actually a request for reversal of the Ninth Circuit's decision:

> In essence, [defendants] ask this Court to reverse the Court of Appeals ... They contend that it was not proper to remand the case for retrial with different jury instructions, that instead the Court of Appeals should have held that there was insufficient evidence to support a claim of copyright infringement. They argue that, contrary to the explicit holding of the Court of Appeals, this is not a case 'requiring a new trial' on any issue.

Plaintiff's Opposition, p. 3.

There is no clear indication in the decision as to why the Ninth Circuit did not rule on the copyright issue, other than the fact that, having found reversible error, the Court stopped short of ruling on the sufficiency of the evidence. Nonetheless, there is no indication in the opinion that this case is not appropriate for summary judgment.

---

[4] "Defendants argue that they did not bodily appropriate or identically copy the selection and arrangement of the Harper House organizers.

* * *

These arguments are best addressed in the context of the jury instructions, discussed below." *Id.*

The Ninth Circuit, however, failed to directly address the issue in its discussion of the jury instructions. It held:

> Given the extremely limited protection that Harper House's organizers receive, the jury instructions covering copyright infringement liability did not adequately distinguish between protectable and unprotectable material. The jury was not told that blank forms, common property, or utilitarian aspects of useful items are not protectable, and they may have found that defendants infringed Harper House's copyright based upon the direct copying of such unprotected material, not based upon the selection, coordination or arrangement of Harper House's organizers.

Id. at 207, 208.

It is perplexing how the Ninth Circuit did not specifically address this issue, however, there is no suggestion in the decision that it cannot be properly resolved on summary judgment.

Under the Ninth Circuit's opinion in this case, plaintiff's organizers are only protected as compilations of unprotected elements.[5] In terms of compilation, only those aspects of selection, coordination and arrangement which can be classified as *unique* are entitled to protection. *Harper House*, 889 F.2d at 204.[6] Defendants argue that plaintiff is incapable of convincing a reasonable jury that the selection, coordination or arrangement of defendants' organizer is a result of infringement of plaintiff's work.[7]

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[5] "The copyright in [a compilation] is independent of, and *does not affect or enlarge the scope*, duration, ownership, or subsistence *of, any copyright protection in the preexisting material*." 17 U.S.C. § 103(b) (emphasis added).

[6] Under the Ninth Circuit's decision, any selection or arrangement of the Harper House organizers that is common to most organizers or essential to the idea of an organizer cannot be protected. *Harper House*, 889 F.2d at 204-205.

[7] Plaintiff asserts that copyright infringement cannot be found absent application of the standard enunciated in *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1159 (9th Cir. 1977). Plaintiff's Opposition, p. 8-9. Plaintiff goes on to argue that infringement is established under *Krofft*'s "similarity" of expression standard, and thus, applies the "total impact and effect" test of *Krofft*. Plaintiff's Opposition, p. 11-12. It appears that plaintiff has erroneously interpreted the Ninth Circuit's opinion in *Harper House*. *In this case*, the Ninth Circuit held that the standard announced in *Krofft* is inadequate:

> Harper House suggests *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), as the basis for Instruction No. 9's 'total impact and effect' test. In *Cooling Systems*, 777 F.2d at 492-93, we considered such a test improper where the work at issue, a catalog of automobile radiators, contained little protectable expression. This case is analogous to *Cooling Systems*. The highly subjective 'impact and effect' test of Instruction No. 9 was insufficient . . .

Harper House, 889 F.2d at 207.

First, defendants maintain that the selection of elements within the organizer is quite dissimilar. "Several of the types of forms included in the Harper House organizers were not included anywhere in defendants' organizer. In addition, defendants' organizer included many forms and pages which were designed for homemakers, none of which were included in the plaintiff's organizers as sold." Defendants' Motion, p. 16.

Additionally, defendants state that "although copyright law would have permitted defendants to copy individual forms even identically, not one of the defendants' individual forms was identical to one of plaintiff's forms, and many are quite distinct." Defendants' Motion, p. 16-17. Indeed, it is true that none of the forms in defendants' organizer are "identical" to any of the forms in plaintiff's organizers.[8] Moreover, defendants' Time Maker includes 12 tabs and 22 types of forms, whereas plaintiff's Running Mate has only 18 tabs and 15 types of forms.[9] Although plaintiff argues that the color of the tabs is identical, this is insufficient to establish infringement, since colored tabs are utilitarian articles.

Infringement may still be found if the coordination or arrangement of the contents of the organizers is virtually identical. The terms "coordination" and "arrangement" would seem to have the same meaning, except to the extent that "coordination" refers to

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Instruction No. 9, which the Ninth Circuit found to be "insufficient," provided in pertinent part: "You should ask yourself whether the ordinary reasonable person would find the total impact and effect of defendants' work substantially similar to plaintiff's work . . . " *Id.* at 206.

[8] Defendants' "Itemized Expenses" form is dissimilar to any Harper House form; defendant's "Yellow Pages" form is distinct from plaintiff's "Sources Classified" blank form; although the blank forms that are mutual within both organizers are very similar in terms of the short phrases used and the graphics, defendants' organizer has discernable differences from those of plaintiff's organizers.

[9] Although there is some overlapping in selection, the selection is not entirely the same. Thus, under the Ninth Circuit's standard of "bodily appropriation of the entirety," it appears that no reasonable jury could find infringement, at least in terms of selection.

strategic placing of the forms within the binder, whereas "arrangement" merely connote the order in which each form or article appears within the binder.[10] One difficulty in assessing the similarities in "arrangement" is that there are only so many logical ways in which to arrange an organizer for purposes of utility and convenience. Nonetheless, the arrangement of the forms in plaintiff's organizers is markedly different from that of defendant's organizer.

A visual examination of both organizers reveals the differences. Even excluding the four sections in defendants' organizer that have no counterparts at all in plaintiff's products ("Menu," "Groceries," "Diet," and "Household"), the order of the remaining sections is quite different. For example, the telephone/address section comprises the last section of the Time Maker but appears as the third section of the Running Mate. Similarly, the Notes section of the Time Maker appears immediately before the telephone/address section, whereas in the Running Mate, the Notes section comes after the telephone/address section.

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[10] Plaintiff argues that protection of its "selection, coordination and arrangement" protects material within *individual* forms rather than that within the binder as a whole. Contrary to this assertion, the Ninth Circuit held that the scarce material within the otherwise "blank forms" (i.e., the graphics and headings) receives no protection.

For example, plaintiff's Opposition refers to the "very specific combination of calendar *arrangements* chosen by plaintiff." Plaintiff's Opposition, p. 8. The Ninth Circuit noted, however, that "[c]opyright protection does not extend to . . . standard calendars." *Harper House*, 889 F.2d at 204. "[Plaintiff's] calendars are in standard formats, with no special features of artwork." *Id.* at 204, n. 5. Similarly, plaintiff's Opposition speaks of the "very specific *selection* of a most unusual ['Project'] form," thus suggesting that the selection or arrangement of material on individual blank forms itself is protected. Plaintiff's Opposition, p. 10, 13. This argument runs afoul of the Ninth Circuit's holding that blank forms are not protected. *See also Bibbero Systems, Inc. v. Colwell Systems*, 893 F.2d 1104 (9th Cir. 1990) (the Ninth Circuit held that forms much more detailed and complex than those in the Harper House products were unprotectable.)

In terms of "coordination," the Time Maker is strategically designed for the homemaker. The calendar is the first section in the binder, followed by the specialized forms for homemakers (i.e., menu, grocery list, diet, household, babysitting), which is followed by the personal forms such as goals, person-to-person, notes, and blank tab sections. The last section is telephone/addresses.

Defendants have a right under the copyright law to copy unprotectable material, including any individual pages of plaintiff's organizers,[11] any other unprotectable elements such as the ruler and label sheets,[12] and the overall design of the binder. Additionally, defendants are free to copy even those aspects of selection, coordination and design that are not unique to plaintiff's organizers. Accordingly, no reasonable jury could find that defendants "bodily appropriated" plaintiff's organizers — i.e., copied substantially the entire item.

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[11] There are no pages in plaintiff's organizers — except for those pages of instructional text which the Ninth Circuit held were dissimilar to defendants' instructions — which are individually entitled to copyright protection under the Ninth Circuit's rulings as to blank forms, common property, and "useful articles." *Id.* at 201-204.

[12] Plaintiff argues that its label sheets alone constitute a copyrightable compilation. Plaintiff's Opposition, p. 14. The Ninth Circuit, however, held that the only element of the organizer that is separately protectable is "the text of the instructions." *Id.* at 205. Further, the Ninth Circuit cited with approval Copyright Office Circular R-32, which provides, in pertinent part:

> *Copyright does not extend to names, titles and short phrases* such as column headings, simple checklists and the like . . .

IV.

CONCLUSION

Based on the foregoing, this Court finds that defendants are entitled to summary judgment.

Dated: March 7, 1991

ROBERT M. TAKASUGI
ROBERT M. TAKASUGI
United States District Judge

APPENDIX C

SPECIAL EARTHQUAKE NOTICE

This opinion is being filed while the Clerk's office in San Francisco is closed due to severe earthquake damage. Once the Clerk's office is operational, notices will be placed in legal newspapers throughout the Circuit. At that time parties may seek additional time to file a petition for rehearing if they desire to file one.

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

HARPER HOUSE, INC., *Plaintiff-Appellee-Cross-Appellant,* v. THOMAS NELSON, INC.; TIME MAKER INC.; NATIONAL MEDIA GROUP; R.M. MARKETING, INC., *Defendants-Appellants-Cross-Appellees.*	Nos. 87-6398, 87-6411 D.C. No. CV 85-4225-PAR OPINION

Appeal from the United States District Court
for the Central District of California
Pamela A. Rymer, District Judge, Presiding

Argued and Submitted
June 26, 1989 — Pasadena, California

Filed October 31, 1989

Before: Alfred T. Goodwin, Chief Judge,
Dorothy W. Nelson and Robert Boochever, Circuit Judges.

Opinion by Judge Goodwin

COUNSEL

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OPINION

GOODWIN, Chief Judge:

Defendants appeal a judgment awarding damages for infringement of copyright and unfair competition, arising out of their production and marketing of an "organizer" that closely resembled the product of plaintiff Harper House, Inc.

Harper House's trial witness described organizers as products intended to help people deal with the tremendous amount of information that they must absorb in order to keep up in a modern, complex world. Harper House's organizers are supposed to aid memory, to help plan, and to help individuals to be more creative. The organizers' categories and formats suggest ways in which information should be stored and analyzed.

Defendants describe organizers in less grandiose terms. They contend that an organizer is a collection of blank forms for recording calendar information and often-used dates, addresses and telephone numbers. Typically, the blank forms are contained in a loose-leaf binder, with tabs to identify and separate the various sections. Additional forms and up-to-date calendars can later be inserted into the loose-leaf binder. Virtually all organizers contain calendars, telephone and address pages, and sections for recording daily activities. Other features of an organizer can vary widely, depending on information the designer considers most useful, the market for which the organizer is intended, and the format and graphic design chosen.

Harper House was established in 1980, and has grown to be a leading seller of organizers. It first produced "Day Runner" in 1982, and followed with "Running Mate," a smaller, more compact organizer, in 1984. These products were very successful, and Harper House's sales increased from $4 million in 1984 to $15 or $16 million in 1986. During the relevant period, Harper House's organizers sold at retail for $40 to $50 each.

On June 14, 1985, Harper House applied for and received certificates of registration from the Copyright Office for the 1982, 1983, and 1984 versions of Day Runner, and for the 1984 Running Mate. Under the section "Nature of Authorship," the applications for registration instructed Harper House to "briefly describe the nature of the material created by this author in which copyright is claimed," Harper House responded "[t]ext, compilation of data and editing of data."

Defendant Thomas Nelson, Inc. is a well-known Tennessee-based publisher, mostly of bibles and other items with religious themes. The other three defendants are R.M. Marketing, National Media Group, and Time Maker, Inc., all companies located in Pennsylvania and related to each other (referred to as the "Pennsylvania defendants"). R.M. Marketing and National Media Group are in the direct response marketing business. Time Maker, Inc. was formed in 1985 in order to sell the organizer developed by defendants.

Defendants decided to produce an organizer, eventually named the "Time Maker." They retained Meredith Baxter-Birney, star of the television series "Family Ties," to promote the organizer. They also hired Donna Otto to assist in designing the organizer. Donna Otto had presented numerous seminars on how women should organize their time. She was described in promotional literature as the "developer" of Time Maker, though her role may have been primarily promotional.

In fact, Donna Otto and the defendants did not design Time Maker from scratch. Much of Time Maker was based upon Harper House's organizers, which defendants had identified as the best organizers currently available. At a January 1985 meeting at which the defendants' project took shape, Mary Wheeler, the editor at Thomas Nelson in charge of the project, was told to have printed copies of Time Maker prototype available in three weeks. At trial, she testified that creation of an original work would have taken six months to a year.

Many of the blank forms for Time Maker were marked-up versions of forms contained in Harper House's organizers, with little or no change. On the other hand, Time Maker also contains many forms not copied or derived from Harper House's organizers. Notably, Time Maker includes many specialized forms for homemakers, such as a weekly menu planner and pre-printed grocery lists. Time Maker also has a binder very similar to that of Harper House's Running Mate, including pockets for business cards, a calculator, a note pad, and pens.

The Harper House organizers and the final version of Time Maker each contain at least several pages of instructional text. The prototype Time Maker does not contain any instructions. The organizers' instructions describe their features and proper use. The Time Maker instructions bear no apparent similarity to the Harper House instructions in their choice of words or their arrangement. All the Time Maker instructions are in a six-page section at the front of the organizer. Harper House's organizers each contain a general instructional page at the front, with additional instructions at the beginning of each section.

After the prototype Time Maker (the "Time Maker I") was printed, Thomas Nelson's president, Robert Wolgemuth, requested a legal opinion from an attorney specializing in copyright. The opinion advised that copyright registrations had not been issued to Harper House for the Harper House products. It cautioned that, if Harper House were to obtain a copyright registration, Thomas Nelson might be held liable for infringement. It further recommended that Thomas Nelson change all Time Maker pages similar to pages in Harper House's organizers, especially any which had been copied from Harper House.

Defendants proceeded to have printed 200 copies of Time Maker I. These were displayed in television and print advertisements, and distributed to salesmen to be shown to retailers in order to generate orders. Defense witnesses testified that the salesmen were told that there would be changes between the prototype and the production version.

A test commercial had been filmed in late January, 1985. Based on positive responses, a commercial for national display was filmed in June, 1985, using Time Maker I. Time Maker I was never sold to consumers, though it was pictured in the commercial and in print advertisements. The defendants made many changes from Time Maker I in readying the production version (the "Time Maker II"). The parties provided contrasting testimony regarding the significance of changes between Time Maker I and Time Maker II, as well as the care with which the changes were undertaken. Defendants testified that Time Maker I was featured in commercials and print advertisements because Time Maker II had not been completed as of the date for filming.

The Pennsylvania defendants began direct response marketing on or about July 1, 1985. The introductory price of Time Maker was $19.95. A few months later, Thomas Nelson began to distribute Time Maker to bookstores, where it sold for $24.95. Defendants spent $1,800,000 on advertising and made total sales of about $12,500,000. Nevertheless, they abandoned the organizer business in early 1986 after liquidating their existing inventories. Defendants argued that they lost money on Time Maker, and left the business for that reason. Harper House disputed this, pointing to the lack of adequate documentary support for the alleged losses, as well as the fact that Defendants paid only about $4 for each Time Maker, made in Taiwan and Korea, while selling them for $20 to $25 each. Harper House claimed that defendants "dumped" their inventory after being sued because they feared that further sales would be enjoined.

A Harper House representative saw Time Maker I at a trade show in May, 1985, and demanded that defendants stop infringing upon Harper House's copyrights. Defendants refused, and Harper House filed suit soon thereafter, alleging copyright infringement, violation of the Lanham Act, and state law unfair competition. Defendants responded by filing an unfair competition action against Harper House in Pennsylvania. Defendants' unfair competition action was transferred to the Central District of California where it was dismissed, and Harper House was awarded $54,848.60 in attorneys fees.

During discovery in this action, Thomas Nelson's president Wolgemuth stated that he did not know of records relating to the profitability of Time Maker, records allegedly kept for the purpose of dividing the profits among the defendants. After the accountant who had prepared those records testified as to their contents, and that he had delivered the records to Wolgemuth, the district court santioned Thomas Nelson $150,000.

A jury trial was held in May, 1987. The parties stipulated that the court would decide the issue of copyrightability. Defendants moved for a directed verdict on the grounds that Harper House's organizers were not copyrightable, that even if they were copyrightable defendants did not appropriate protectable subject matter, and that the unfair competition claims lacked foundation. The district court denied the motion and found Harper House's organizers copyrightable. That ruling was reaffirmed in a post-trial memorandum. The court instructed the jury simply that Harper House's organizers met the requirements of the Copyright Act and that they were "therefore not to be concerned with [the organizers'] copyrightability." The court refused to give defendants' proposed jury instructions that portions of the organizers were not protected by copyright.[1]

The jury found for Harper House on all claims. It awarded profits of $4,163,875 and damages of $1,873,932 under the copyright claim and damages of $1,860,307 under the Lanham Act claim. It found that all the Lanham Act damages were duplicative of the copyright damages.

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[1] The court also refused to give a jury instruction on plaintiff's claim of state law unfair competition, noting that the Lanham Act claim provided a more generous standard of liability and recovery, and that Harper House had not presented a *prima facie* case of state law unfair competition. Harper House did claim that it would be entitled to punitive damages under California unfair competition law, damages not recoverable under the Lanham Act. We need not address the availability of punitive damages under California unfair competition law, however, because we reverse the Lanham Act judgment, and we agree with the district court that Harper House did not present a *prima facie* case of state law unfair competition.

Defendants moved for judgment notwithstanding the verdict and for a new trial. Harper House moved for entry of judgment in the sum of $13,178,225, the amount to which it would allegedly be entitled if the Lanham Act damages were held not duplicative, if those damages had been trebled, and if attorneys fees and prejudgment interest had been awarded. The district court denied these motions in a written opinion, and entered judgment against defendants, jointly and severally, for $6,037,807.

1. Copyrightability

The district court concluded that Harper House's organizers were copyrightable. The court noted that Harper House obtained certificates of registration from the Copyright Office for its organizers, creating a presumption of copyrightability under 17 U.S.C. § 410(c). Under section 410(c), the registrations are presumed to be valid and "[t]he evidentiary weight to be accorded the certificate of a registration . . . shall be within the discretion of the court." The district court noted that this presumption "shifts the burden of proof to the defendants to demonstrate why plaintiff's organizers are not copyrightable." *See Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1019 (9th Cir. 1985).

The district court reasoned that Harper House's organizers were copyrightable as compilations, that each organizer, "consisting of a unique selection, format, and combination of forms and information, clearly represents an original work of authorship." The court further noted that considerable "time and energy as well as thought went into producing new products designed to provide greater utility to the relevant consumer public. Such effort alone, expended to create tangible works of authorship, is within the scope of copyright protection." (citing *Del Madera Properties v. Rhodes and Gardner, Inc.*, 820 F.2d 973, 976 (9th Cir. 1987)).[2]

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[2] The defendants argue that "sweat of the brow" cannot bestow copyright protection on otherwise uncopyrightable work. We agree that

Issues involving the availability and extent of copyright protection for Harper House's time management system present mixed questions of law and fact. *See Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). Where, as here, "the question requires us to consider legal concepts in the mix of fact and law and to exercise judgment about the values that animate legal principles, . . . the question should be classified as one of law and reviewed de novo." *United States v. McConney*, 728 F.2d 1195, 1202 (9th Cir.) (en banc), *cert. denied*, 469 U.S. 824 (1984).

Defendants argue that Harper House's organizers are not copyrightable. They argue (1) that as "useful articles," utilitarian aspects of the organizers are not copyrightable; (2) that blank forms and common property (such as address book pages and calendars) which make up the organizers are not copyrightable; and (3) that because of their functional selection and arrangement, Harper House organizers are not protectable "compilations."

(1) Utilitarian aspects of useful articles. In *Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983), we discussed 17 U.S.C. § 101, which declares that the utilitarian aspects of useful articles are not copyrightable. A useful article is one "having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." 17 U.S.C. § 101. Further, in *Fabrica*, we interpreted this definition (adopted as part of the Copyright Act of 1976, effective January 1, 1978) as significantly narrowing the range of protectable works, revising both the standard set by the Supreme Court in *Mazer v. Stein*, 347 U.S. 201 (1954) (allowing protection for nonutilitarian aspects of utilitarian items), and the regulations promulgated after *Mazer*. We noted:

> The significant change from the prior law is that the courts need no longer determine whether an article's function is *solely* utilitarian. Now, if an article has *any* intrinsic utilita-

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the amount of work put into designing Harper House's organizers does not resolve the original question of copyrightability. The organizers meet the requirements of the Copyright Act.

> rian function, it can be denied copyright protection except to the extent that its artistic features can be identified separately and are capable of existing independently as a work of art.

Fabrica, 697 F.2d at 893.[3] We held that the plaintiff's carpet display folders (pictured at 697 F.2d 896-98) did not have artistic features that could be separated from their utilitarian function. The court noted that "there was no substantial evidence that the folders existed for any reason independent of their utilitarian function as advertising and marketing tools." *Id.* at 894.

Defendants cite the rejection by the House of Representatives of the proposed Title II of the Copyright Act of 1976, H.Rep. No. 1476, 94th Cong., 2d Sess. 50 (1976), as support for the proposition that useful articles are not entitled to copyright protection. Title II, as passed by the Senate and forwarded to the House, would have provided protecton for the 'original ornamental design of a useful article'. S.B. No. 22, 94th Cong. 1st Sess., 122 Cong. Rec. 3856-59 (1976). The rejection of Title II was based upon concern that Title II might "create a new monopoly which has not been justified by showing that its benefits will outweigh the disadvantage of removing such designs from free public use." *Id.* Title II would have provided limited protection to useful articles for 10 years. Copyright, however, would provide Harper House's organizers 75 years of protection. 17 U.S.C. § 302(c).

Harper House argues that this case is distinguishable from *Fabrica* because that case involved display folders analyzed as potential "pictorial, graphic and sculptural works" under 17 U.S.C. § 102(a)(5). The "useful article" exception is intended to apply only to such works: it is included as an exception to the definition of "pictorial, graphic, and sculptural works" at section 101. Further, Harper House argues that *Fabrica* quotes legislative history indicating that the "useful article" exception is intended to focus on "industrial products[s]." 697 F.2d at 893.

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[3] Harper House disputes whether the Copyright Act of 1976 was intended to revise the previous standard, citing *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1147 (2d Cir. 1987). Nevertheless, we are bound by *Fabrica*, this circuit's previous interpretations of the 1976 Act's "useful article" rule.

Harper House claims that its organizers were registered as text, data, and compilation of data, "literary works" under 17 U.S.C. § 102(a)(1), and that therefore the useful article exception does not apply. Harper House's organizers do contain text — the instructions, headings, and data — more properly considered a literary work than a pictorial, graphic, or sculptural work. The useful article exception therefore cannot apply to textual portions of the organizers.

On the other hand, at trial, Harper House's president explained the utilitarian aspects of many of the organizers' features; the special hinges, pockets to hold keys, coins and a calculator, and graph paper to allow users to write in their preferred size. These elements, as well as any utilitarian, non-textual aspects of the calendar pages, address/telephone pages, other blank forms, ruler, and note paper are not copyrightable. Paper for writing, even ruled paper, is a utilitarian object. Under *Fabrica*, the non-textual utilitarian features of Harper House's organizers are not subject to copyright protection.[4]

In finding Harper House's organizers protectable, the district court relied mainly on cases arising under the 1909 Copyright Act: *Baldwin Cooke Co. v. Keith Clark, Inc.*, 383 F. Supp. 650 (N.D. Ill.) (executive planner copyrightable), *aff'd*, 505 F.2d 1250 (7th Cir. 1974); *Edwin K. Williams & Co. v. Edwin K. Williams & Co.-East*, 542 F.2d 1053 (9th Cir. 1976) (account books containing instructions and advice on successful management copyrightable); *Cash Dividend Check Corp. v. Davis*, 247 F.2d 458 (9th Cir. 1957) (check copyrightable). Defendants suggest that these cases should be reexamined in light of the 1976 Copyright Act and *Fabrica.*

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[4] The non-textual elements of the organizer (binder, ruler, pockets, hinges, graphic design of the blank forms, and other similar items) would seem to be a compilation of "two-dimensional and three-dimensional . . . graphic, and applied art, . . . maps, . . . charts, . . . [and] diagrams:" pictorial, graphic and sculptural work as defined at 17 U.S.C. § 101, not literary work. Such pictorial, graphic and sculptural elements come within the useful article exception and are not copyrightable in and of themselves.

We do not interpret *Fabrica* as bringing into question *Edwin K. Williams & Co., Cash Dividend Check Corp.*, or *Baldwin Cooke.* Both *Edwin K. Williams & Co.* and *Cash Dividend Check Corp.* involved copyright of text with blank forms. *Edwin K. Williams & Co.* upheld the copyright because "the instructions and blank forms constituted an integrated work." 542 F.2d at 1061. Similarly, *Cash Dividend Check Corp.* involved a "work" consisting of a retail discount scheme whereby a consumer would fill blank spaces on a "check" with the requisite number of stamps. Once the check had been filled with stamps, it could be cashed for the amount of money written on its face. The "book" included "other descriptive material," 247 F.2d at 459, and the plaintiff did "not seek copyright alone over the check portion of the work or writing, nor [did] it seek a copyright over its stamp plan. Rather, it [sought] a copyright over the writing, with the integrated check, which describes the means by which the stamp-check plan is carried out." *Id.* at 460. The 1976 Copyright Act's useful article rule does not affect the copyrightability of an integrated work of text and blank forms, but only that of pictorial, graphic, or sculptural works.

Baldwin Cooke presents perhaps the work most similar to Harper House's organizers. The executive planners at issue in that case included

> a personal data page; a planning calendar for the current year; a diary calendar for the current year, the form of which was intended to allow the recording of various data and information; a planning calendar for the subsequent year; a holiday list for the current year; a monthly expense summary sheet; an expense summary form for the current year; a Zodiac birthday and anniversary information page; a postal information section; weights and measures information; a table setting forth decimal equivalents; pages for the recording of information concerning quarterly income, securities transactions, capital gains and losses and stock dividends; a page with three whole tabular calendars for the preceding,

> current and subsequent years and a section for the recording of names, addresses and telephone numbers.

383 F.Supp. at 653-54. Moreover, both the original and copied planners included artwork in the form of woodcuts on the outer corners of the pages. The court noted that a copyrightable compilation could consist entirely of matter which is not itself copyrightable. *Id.* at 654-55. The court held that the executive planner was held copyrightable as a compilation of data, relying heavily on the existence of certificates of copyright issued over the years 1963 to 1973. Under the Copyright Act of 1976, no matter how "useful" such a compilation of data might be, it is not a pictorial, graphic, or sculptural work, and is therefore not within the useful article rule.

(2) Blank forms and common property. The Copyright Office has a longstanding regulation against copyright of blank forms "which are designed for recording information and do not in themselves convey information." 37 C.F.R. § 202.1(c). This rule codifies the doctrine first enunciated in ***Blake v. Selden*****,** 101 U.S. 99, 107 (1879) ("blank accountbooks are not the subject of copyright"). Courts have held that forms similar to those making up much of the Harper House organizers are not copyrightable. *See, e.g., Janus Marketing Communications, Inc. v. Doubleday & Co.,* 569 F.Supp. 76 (S.D.N.Y. 1982). The "blank forms rule" would apply to many of the forms in Harper House's organizers.

Furthermore, copyright protection does not extend to common property such as standard calendars and area code maps, 37 C.F.R. § 202.1(d). As the Copyright Office explains, copyright is not available in:

> works consisting entirely of information that is common property containing no original authorship; for example, standard calendars, height and weight charts, tape measures and rulers, schedules of sporting events, and lists or tables taken from public documents or other common sources.

Copyright Office, Circular R-32, *Blank Forms and Other Works Not Protected by Copyright*, November 1984.

Defendants point out that much of the "literary work" contained in their organizers — the instructions and headings — bears no resemblance to that of Harper House's products. They argue that the copied portions consist entirely of (1) utilitarian features, (2) blank forms, and (3) common property (such as the calendars and area code/time zone map).[5] We agree that the blank forms and common property contained in Harper House's organizers are not copyrightable.

(3) Organizers as "compilations." In finding that Harper House's organizers were "original work[s] of authorship," the district court stated that the organizers consist of "a unique selection, format, and combination of forms and information."

> A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work *as a whole* constitutes an original work of authorship.

17 U.S.C. § 101 (emphasis added). Harper House argues that even if common property contained in the organizers and the individual blank forms are not copyrightable, the organizer as a whole is copyrightable as a compilation.

Defendants respond that the organizers' functional and utilitarian arrangement prevents them from being copyrightable even as compilations. While many of the elements making up the organizers may not be copyrightable in and of themselves, the unique "selection, coordination, or arrangement" of such elements, in combination with copyrightable elements such as the text of the instructions, is copyrightable as a compilation.

We agree that Harper House's organizers are copyrightable as compilations. *Apple Barrel Prods. v. Beard*, 730 F.2d 384, 387-88 (5th Cir. 1984) demonstrates the compilation theory. That case involved the plaintiff's original expression of the idea of a country music show performed by children. Defendants were parents of the children performers. Unhappy with the plaintiffs who had developed the show, the defendants took their children and started another, similar show. Plaintiffs claimed the new show infringed its copyright as to the manner of presentation of the songs and dances. The district court ruled in favor of the defendants because it found that the various parts of the shows (costumes, hay bales, American flags), when dissected, were not copyrightable. The Fifth Circuit reversed, with the direction that the show might still be copyrightable as a compilation, even if the individual elements could not be protected. We agree with this approach. A copyrightable compilation can consist mainly or entirely of uncopyrightable elements.

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[5] For example, the area code/time zone map allegedly copied by defendants appears identical to that contained in most telephone directories and address books. The calendars are in standard formats, with no special features or artwork.

The Copyright Office determined that Harper House's organizers are copyrightable. At trial, Harper House witnesses testified about the effort that went into creating the organizers: into selecting, coordinating, and arranging their elements. The district court accepted this testimony as sufficient to demonstrate that an original work had been created. We accept the district court's finding and reject defendants arguments that Harper House's organizers are not copyrightable as compilations.

Even if an organizer is copyrightable as a compilation, however, it warrants only extremely limited copyright protection. A *factual* compilation receives only limited copyright protection. *See Worth v. Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987); *Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 492 (9th Cir. 1985). Similarly, compilations that consist largely of uncopyrightable elements receive only limited protection. As with factual compilations, copyright infringement of compilations consisting largely of uncopyrightable elements should not be found in the absence of "bodily appropriation of expression," 827 F.2d at 573. Such a standard would be in keeping with cases relied on by the district court involving similar items. *Baldwin Cooke, Edwin K. Williams & Co.*, and *Cash Dividend Check Corp.*, each involved "bodily appropriation" — copying or unauthorized use of substantially the entire item. In *Baldwin Cooke*, the defendant included exactly the same forms as found in plaintiff's planner, and advertised its planner as meeting demands for a product such as plaintiff's planner. Both planners were 140 pages long, and the layout, organization, artwork and lists were identical. 383 F.Supp. at 656. In *Edwin K. Williams & Co.*, the defendant was a corporation related to plaintiff which used plaintiff's entire work in an unauthorized manner. 542 F.2d at 1055-59.

Defendants argue that they did not bodily appropriate or identically copy the selection and arrangement of the Harper House organizers. Both versions of Time Maker had many sections not included in the Harper House organizers, and the similar (copied) sections serve basic functions common to most organizers. And unlike *Edwin K. Williams & Co.* and *Cash Dividend Check Corp.*, the copied portion did not involve extensive instructions or text. These arguments are best addressed in the context of the jury instructions, discussed below.

(4) Copyrightability: Conclusion. The Copyright Office issued certificates of registration for Harper House's organizers, and the district court found that the organizers were copyrightable compilations. We agree with this finding. As copyrightable compilations, the organizers' selection, coordination, and arrangement are protectable. The text of the instructions is also protectable. Nevertheless, the blank forms and common property contained within the organizers are excluded from protection. Non-textual utilitarian elements of the design such as the binder, pockets, ruler, and blank or ruled paper are also excluded from protection by the "useful article" rule.

As compilations consisting largely of uncopyrightable elements, the organizers should be afforded only limited protection.

2. Copyright Jury Instructions

Defendants argue that, in its jury instructions, the district court did not attempt to distinguish between parts of the Harper House organizers which are not copyrightable, and the organizer itself as a copyrightable compilation. The district court rejected this argument in its memorandum of decision.

In reviewing jury instructions to which timely objections have been made, this court determines "whether, viewing the jury instructions as a whole, the trial judge gave adequate instructions on each element of the case to ensure that the jury fully understood the issues." *Los Angeles Memorial Coliseum Comm'n v. National Football League*, 726 F.2d 1381, 1398 (9th Cir.), *cert. denied*, 105 S.Ct. 397 (1984).

Defendants claim that, because their employees had testified that they had copied certain unprotectable aspects of Harper House's organizers, and because the jury was not instructed that these aspects were not protectable in and of themselves, the jury had no choice but to return a verdict of infringement. The court's Instruction No. 5 told the jury that it need not be concerned with the organizers' copyrightability. Instruction Nos. 6 and 7 stated that infringement can be proved by direct proof of copying.

Defendants' proposed instructions on unprotectable material were rejected by the court. They provide, in part:

> Blank forms which are designed for the recording of information are not copyrightable. If you find that Plaintiff's organizers contain forms meant to record information such as graph paper, diary forms, address forms, expense forms and the like, such forms are excluded from copyright protection. Likewise, many of the forms which were referred to contained common property such as calendars, time zones, telephone area codes, measuring rulers, calorie counter charts, and check registers. Such common property is not copyrightable.

Defendants' Proposed Jury Instruction No. 5.

Defendants' proposed jury instruction regarding the organizer as a compilation, also rejected by the court, would have cautioned the jury:

> One basis upon which Plaintiff claims copyright protection for its organizer is as a compilation. Under the copyright laws, a compilation is a work resulting from a process of selecting, bringing together, organizing, and arranging previously existing material from other sources, regardless of whether the individual items in the material have been or ever could have been subject to copyright. Such selection or

> arrangement may in itself constitute an original contribution of authorship and should be protectable against appropriation under copyright principles.
>
> However, the fact that an author has made such an original contribution is not a basis for protecting the pre-existing materials if the original selection or arrangement is not copied.
>
> Defendants' Proposed Jury Instruction No. 6.

The court's Instruction No. 9 invited the jury to consider the works as a whole, possibly leading the jury to focus on whether the two "books" look alike, not on whether defendants copied protectable expression, be that protectable expression the text contained in the organizer or the selection and arrangement of the compilation. Instruction No. 9 states:

> You should ask yourself whether the ordinary reasonable person would find the total impact and effect of Defendants' work substantially similar to Plaintiff's work. . . .
>
> In comparing Plaintiff's and Defendants' organizers to determine whether there has been copyright infringement, you must consider and compare the contents of each of the works as a whole. That is, you must not simply focus on isolated elements of each work to the exclusion of the other elements, combination of elements and expressions therein.

As a preliminary matter, we consider Harper House's argument that defendants failed to make the relevant objections to the court's jury instructions and have therefore waived any such objection. Fed. R. Civ. P. 51.

First, defendants specifically objected to Instruction Nos. 4 and 9. They claimed that Instruction No. 4 should not have included "coordination" or "method of statement" as protectable elements. In its post-trial memorandum, the district court mistakenly found that defendants had waived an objection to the use of the phrase "method of statement" in Instruction No. 4. Instruction No. 4, however, is not crucial to defendants' argument on appeal.

Defendants then made a vague objection to Instruction No. 9, or, to quote verbatim, "Number 6, Number 9 — Number 9 for two reasons." After being told by the court to state objections in "synopsis form," counsel said "we do not want to concede that the copyrights are valid.... And again, the ripple effect on the protectable element, the substantial similarity." Counsel stated that the "ripple effect" involved "a number of [the instructions]."

Defense counsel continued, raising the concern that the jury would be confused because defendants had argued throughout trial that portions of the organizers were not copyrightable, but the instructions said nothing about that issue. The court stated that it was simply instructing the jury that the organizers were copyrightable, without elaboration, because it assumed that defendants preferred not to draw the jury's attention to the fact that the court had ruled against defendants on that question. The court was aware of defendants' position on copyrightability, especially their position regarding non-copyrightable elements of the organizers, but the court had previously rejected that position. Further, while the post-trial memorandum found that defendants had waived objection to the use of the phrase "method of statement" in Instruction No. 4, the court addressed on the merits defendants' arguments that the jury instructions failed to focus the jury's attention on protectable elements of Harper House's organizers. The court did not understand defendants to have waived such an argument.

The failure to object may be disregarded if the party's position has previously been clearly made to the court and it is plain that further objection would be unavailing. *Brown v. AVEMCO Inv. Corp.*, 603 F.2d 1367, 1370-73 (9th Cir. 1979); *see generally* Wright & Miller, Federal Practice and Procedure § 2553, at 639-40 (1971). Given the pre-trial briefing on the issue of copyrightability, the defendants' discussion of uncopyrightable elements during argument for a directed verdict, the court's refusal to give defendants' proposed instructions, and the argument regarding the jury instructions, defendants' vague objection to Instruction No. 9 adequately preserves the issue for appeal. We must therefore consider whether the court's instructions ensured that the jury fully understood the issues.

Defendants argue that Instruction No. 9, given without their proposed cautionary instructions, encouraged the jury to put the two articles next to each other and determine whether they looked alike, not whether defendants copied protectable expression. In closing argument, counsel for Harper House asked the jury to do as much. Harper House suggests *Sid & Marty Krofft Television Products Inc. v. MacDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), as the basis for Instruction No. 9's "total impact and effect" test. In *Cooling Systems*, 777 F.2d at 492-93, we considered such a test improper where the work at issue, a catalog of automobile radiators, contained little protectable expression. This case is analogous to *Cooling Systems*. The highly subjective "total impact and effect" test of Instruction No. 9 was insufficient, particularly in light of the district court's refusal to give the Defendants' proposed instructions regarding unprotectable elements of the organizers.

We reject Harper House's claim that Instruction Nos. 6 and 8 adequately cautioned the jury to limit its review to protectable material. Instruction Nos. 6 and 8 both required that Harper House make a showing of "substantial similarity" between *"protectable expressions"* in the organizers. Though the instructions cautioned that the jury limit its review to protectable material, this caution was of little value because these instructions did not adequately explain to the jury which material was, in fact, protectable. In a case such as this, given the negative connotations to "copying," there was an obvious risk of an improper verdict for plaintiffs, and a need for further instructions to protect legitimate activity and avoid the suffocation of competition.[6]

Given the extremely limited protection that Harper House's organizers receive, the jury instructions covering copyright infringement liability did not adequately distinguish between protectable and unprotectable material. The jury was not told that blank forms, common property, or utilitarian aspects of useful items are not protectable, and they may have found that defendants infringed Harper House's copyright based upon the direct copying of such unprotected material, not based upon copying of the selection, coordination, or arrangement of Harper House's organizers.

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[6] In closing argument, Harper House's counsel fully exploited the negative connotation to copying, urging the jury to use their basic sense that when given a homework assignment at school, one should not copy the work of another student — "change a word here, change a word there, put it on a different size paper and hand it in as your own."

We hold that, viewing the jury instructions as a whole, the trial court's instructions on copyrightability were not adequate to ensure that the jury fully understood the issues, and therefore constituted error requiring a new trial on the liability and damages phase of the infringement claim.

3. Lanham Act Claims

Defendants challenge the sufficiency of the evidence to sustain the jury's finding that defendants violated Lanham Act § 43(a), 15 U.S.C. § 1125(a)(1982). In reviewing the jury verdict on this claim, we must determine whether the verdict is supported by substantial evidence, that is, such relevant evidence as reasonable minds might accept as adequate to support the verdict. *Transgo, Inc. v. Ajac Transmission Parts Corp.,* 768 F.2d 1001, 1013-14 (9th Cir. 1985), *cert. denied,* 474 U.S. 1059 (1986).

To prevail on a claim under section 43(a) of the Lanham Act, a plaintiff must show:

> (1) that defendants attempted to sell their organizers by making false or deceptive advertisements and representations to customers;
>
> (2) that defendants' false and deceptive representations and advertisements actually deceived a significant portion of the consuming public;
>
> (3) that plaintiff was injured by defendants' conduct.

See U-Haul Int'l, Inc. v. Jartran, Inc., 601 F. Supp. 1140, 1149-50 (D. Ariz. 1984), *aff'd in part, rev'd in part on other grounds*, 793 F.2d 1034 (9th Cir. 1986); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 251 (D. Del. 1980). The district court upheld the jury's Lanham Act verdict, finding that, construing the evidence in a light most favorable to Harper House, a reasonable jury could have found the requisite elements.

The most common section 43(a) false advertising case involves one competitor suing another, claiming that the defendant attempted to pass off (or "palm off") its goods as those of the plaintiff. *See generally* 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 27:8 (2d. ed. 1984). Here, Harper House could not show that the defendants attempted to palm off their products as those of Harper House. Instead, Harper House claimed that defendants deceived consumers by showing Time Maker I in its promotion and advertisements and then selling Time Maker II. The district court held that this "unusual" theory should not prevent recovery, so long as the requisite elements of section 43(a) are established. We have refused to limit section 43(a) to claims of palming off products. *U-Haul Int'l, Inc. v. Jartran, Inc.*, 681 F.2d 1159, 1162 (9th Cir. 1982) ("*Jartran I*") (section 43(a) claim can also be applied to deceptive comparative advertising). We examine each of the Lanham Act § 43(a) elements.

(1) False or deceptive advertisements. Harper House presented evidence of deceptive advertisements. Defendants admitted that Time Maker I had been used in advertising and promotion, although Time Maker II was delivered to consumers who ordered in response to the advertisements. There are minor differences between the two versions, including many revised forms and one form shown in advertisements that was not included in the version actually sold. Consumers received a slightly different product than had been advertised. Defendants' salespersons also showed Time Maker I to distributors and retailers, although defendants claim that the salespersons were advised that Time Maker I was merely a prototype and that the final version would be slightly different.

(2) Deception of a significant portion of the consuming public. No actual evidence was presented that defendants' advertising deceived a significant portion of the consuming public. No one complained about or returned Time Maker II because of the minor differences from Time Maker I. Instead, the court upheld the jury's finding based on the presumption that:

> [t]he expenditure by a competitor of substantial funds in an effort to deceive consumers and influence their purchasing decisions justifies the existence of a presumption that the consumers are, in fact, being deceived.

U-Haul Int'l, Inc. v. Jartran, Inc., 793 F.2d 1034, 1041 (9th Cir. 1986) (*Jartran II*). The relevant jury instruction correctly followed *Jartran II*; it stated that in order for this presumption to apply, the jury must find that defendants engaged in intentional deception. In *Jartran II*, the defendants argued that the presumption of consumer deception should be limited to palming off cases, and should not be applicable to cases of comparative advertising. The court rejected that argument. *Id.*

This case differs somewhat from *Jartran II*, because it involves not a deceptive comparison of plaintiff's and defendants' products. but deception regarding defendants' product with little overt reference to plaintiff or plaintiff's product.[7] Nevertheless, the presumption that consumers were, in fact, deceived into purchasing a product different than that advertised is no less or more justified, and we will not require actual evidence that consumers were deceived.

(3) Injury caused by defendants' deceptive advertising. The district court held that "the jury could reasonably find that plaintiff was injured." Yet, the court did not refer to any proof of

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[7] There was a direct comparison of Time Maker and Harper House's Running Mate at the Thomas Nelson Sales Conference, but defendants claim that the salespersons were told that the final version of TIME MAKER would be different, and were not misled. The television and print advertisements do not mention Harper House's products directly, stating only that Time Maker cost less than "similar organizers" and contained many additional forms.

injury. Instead, it relied on a second presumption from *Jartran II*, a presumption that a plaintiff's damages equal the amount of money spent by defendants on advertising.[8] The court apparently presumed that plaintiff had been injured. The presumption of damages in the amount defendants spent on advertising is not, however, a presumption of the fact of injury. Courts distinguish between the amount of proof needed to show that some damages were the certain result of a section 43(a) violation and the amount of proof needed to ascertain the exact amount of damage.

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[8] The Ninth Circuit accepts surrogate measures of damages in cases of palming off, *see Maier Brewing Co. v. Fleishmann Distilling Corp.*, 390 F.2d 117 (9th Cir. 1968) (defendant's profit used as a measure of damage in face of plaintiff's inability to prove diversion of sales because of "palming off"), and similar measures have been used in cases of deceptive comparative advertising, *Jartran II*, 793 F.2d at 1041 (award of cost of Jartran's advertising plus cost of U-Haul's corrective advertising). The awards are intended as crude measures of damage to plaintiff's good will. *See* Comment, *Money Damages and Corrective Advertising: An Economic Analysis*, 55 U. Chi. L. Rev. 629 (1988). Although these are crude measures, in cases of "palming off" or *direct* comparative advertising, the presumption that plaintiff's good will has suffered significant damages seems justified. On the other hand, even if consumers are likely to suffer injury from a defendant's deception about its own product, when advertising does not directly compare defendant's and plaintiff's products, when numerous competitors participate in a market, or when the products are aimed at different market segments, injury to a particular competitor may be a small fraction of the defendant's sales, profits, or advertising expenses. Of course, large, presumptive damage awards are improper in a situation where injury is likely to be slight.

Here, defendants have not challenged the jury instructions regarding damage calculation under section 43(a). We leave to the future the question of how damages should be calculated in a section 43(a) claim that a defendant advertised a different (and allegedly better) product than they delivered.

Otis Clapp & Son, Inc. v. Filmore Vitamin Co., 754 F.2d 738, 745 (7th Cir. 1985).

> The plaintiff is held to a lower burden of proof in ascertaining the exact amount of damages . . . However, the plaintiff may not recover if he fails to prove that the defendant's actions caused the claimed harm.

Id. (citations omitted).

In *Jartran II*, the plaintiffs had presented evidence of injury from Jartran's deceptive advertising, evidence the district court considered sufficient to support a $40 million damage award based upon either the actual evidence of injury (with punitive damages added) or the presumption of damage in the amount of the defendant's advertising cost and the cost of corrective advertising. *Jartran II*, 793 F.2d at 1037.

Here, as defendants argue, Harper House presented no evidence of any injury causally related to the defendants' deception. The district court noted that "there is no evidence of lost profits by the plaintiff." As noted above, there was no actual evidence that consumers were deceived. If, in fact, consumers were deceived, the deception likely had little or no causal connection with any damage Harper House might have suffered from defendants' advertising or selling their organizer. A Harper House witness did testify that some retailers thought Time Maker might be a Harper House product, and that he had to explain to them that it was not. The district court itself acknowledged that this evidence of confusion was "insubstantial." Furthermore, evidence that consumers confused Time Maker I (or Time Maker II) with Harper House products would support a palming off theory. The plaintiffs lacked sufficient evidence to pursue such a theory. Any injury resulting from such alleged palming off would be different from injury caused by defendants advertising a better product than they sold.

Of course, because of the possibility that a competitor may suffer future injury, as well as the additional rationale underlying section 43(a) — consumer protection — a competitor need not prove injury when suing to enjoin conduct that violates section 43(a). *See Johnson & Johnson v. Carter Wallace, Inc.*, 631 F.2d

186, 191 (2d Cir. 1980). *See generally* 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* §§ 27:4, 27:5 (2d. ed. 1984). Such an injunction will protect the interests of both competitors and consumers.

In a suit for damages under section 43(a), however, actual evidence of some injury *resulting from the decepition* is an essential element of the plaintiff's case. We agree with the district court that Harper House failed to present any evidence of injury resulting from defendants' deception. The district court should have granted defendants' motion for judgment notwithstanding the verdict on the unfair competition claims.

Because we reverse both the copyright and unfair competition judgments, we need not address any of the arguments raised by Harper House's cross-appeal.

REVERSED and REMANDED.

APPENDIX D

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HARPER HOUSE, INC.,
Plaintiff,
vs.
THOMAS NELSON, INC.,
TIME MAKER, INC.,
NATIONAL MEDIA GROUP,
R.M. MARKETING, INC., et al.
Defendants.

No. CV 85-4225-PAR

MEMORANDUM OF DECISION AND ORDER

Filed August 28, 1987

This is an action for copyright infringement and unfair competition in violation of the Lanham Act, 15 U.S.C. § 1125, brought by plaintiff Harper House, Inc. against defendants Thomas Nelson Publishers, Time Maker, Inc., National Media Group, and R.M. Marketing.

The suit went to trial and on May 29, 1987, the jury returned a verdict in favor of plaintiff Harper House on both causes of action. For infringement of plaintiff's copyrights, the jury awarded damages of $483,592 against defendant Thomas Nelson and $1,390,340 against the remaining defendants (the "Pennsylvania Defendants"). The jury also found that the profits of Thomas Nelson attributable to the infringement were $1,074,541 and that the profits of the Pennsylvania Defendants were $3,089,334. On the unfair competition claim, the jury awarded actual damages of $60,307 against Thomas Nelson and $1,800,000 against the Pennsylvania Defendants. In total, the jury found defendants liable for $7,898,114.

Defendants now join in bringing a motion for new trial and judgment notwithstanding the verdict pursuant to Federal Rules of Civil Procedure 59 and 50(b), respectively. Plaintiff opposes both motions and brings a motion for entry of judgment to recover attorney's fees, enhanced damages for unfair competition, prejudgment interest, and an injunction.

A. JUDGMENT NOTWITHSTANDING THE VERDICT

The standards for granting a motion for judgment notwithstanding the verdict are the same as those governing the granting of a directed verdict. *Hallmark Industry v. Reynolds Metal Co.*, 489 F.2d 8 (9th Cir. 1973), *cert. denied*, 417 U.S. 932, 94 S. Ct. 2643, 41 L. Ed. 2d 235 (1974). The question is not whether there is literally no evidence supporting the party against whom the motion is directed but whether there is evidence upon which the jury could properly find a verdict for that party. 9 Wright & Miller, *Federal Practice & Procedure*, § 2524; *State of Washington v United States*, 214 F.2d 33, 40-41 (9th Cir. 1954). Thus, a motion for J.N.O.V. may only be granted when, without weighing the credibility of the evidence, there can be but one reasonable conclusion as to the proper judgment. *Id.; Los Angeles Memorial Coliseum Comm'n v. NFL*, 726 F.2d 1381 (9th Cir. 1984); *Forro Precision, Inc. v. International Business Machines Corp.*, 673 F.2d 1045 (9th Cir. 1982). The Court is not free in such a situation to weigh the evidence or to pass on the credibility of the witnesses, *Cockrum v. Whitnev*, 479 F.2d 84 (9th Cir. 1973), or to substitute its judgment of the facts for that of the jury. Instead, it must view the evidence most favorably to the party against whom the motion is made, *Galloway v. United States*, 319 U.S. 372, 63 S. Ct. 1077, 87 L.Ed. 1458 (1943); *Schnee v. Southern Pacific Co.*, 186 F.2d 745 (9th Cir. 1951), and give that party the benefit of all reasonable inferences from the evidence. *McCollum v. Smith*, 339 F.2d 348 (9th Cir. 1964). Simply stated, the standard is "whether the evidence is such that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable men could have reached." *Simblest v. Maynard*, 427 F.2d 1, 4 (2nd Cir. 1970); *see also Gordon Mailloux Enterprises, Inc. v. Firemen's Ins. Co. of Newark, N.J.*, 366 F.2d 740, 741 (9th Cir. 1966) (reversing district court's entering of j.n.o.v. where consideration of the proof favorable to non-movant revealed "substantial evidence" to support the jury's determination).

Defendants' motion is based on four grounds. First, defendant argues that there was no evidence adduced at trial of actual damages suffered by plaintiff from defendants' copyright infringement. Second, defendants argue that the jury's award of damages as measured by a "value of use" or license fee impermissibly resulted in a double counting of a part of the damages award. Third, defendants argue that the evidence was insufficient to support a jury finding that each of the elements of the unfair competition claim was satisfied. Finally, defendants argue that plaintiff's organizers are not copyrightable.

1. *Damages*

Under the Copyright Act, a plaintiff may recover actual damages for infringement. 17 U.S.C. § lll(b). The primary measure of recovery of actual damages is based upon the extent to which the market value of a copyrighted work has been injured or destroyed by an infringement. 3 M. Nimmer *Nimmer on Copyright* § 14.02 at 14-6 (1986). The Ninth Circuit has stated:

> In a copyright action, a trial court is entitled to reject a proffered measure of damages if it is too speculative. . . . Although uncertainty as to the amount of damages will not preclude recovery, uncertainty as to the fact of damages may.

Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505, 513 (9th Cir. 1985).

Plaintiff presented several witnesses at trial who testified to damages caused by defendants' alleged copyright infringement. Both Haldane King and Susan Lange testified that defendants' Time Maker organizer, with its lower price, reduced demand for the higher priced, albeit arguably higher quality, Harper House organizers. Boyd Willat, one of the founders of Harper House, also testified to damages.

Defendants suggest that the Time Maker could not have caused damage to Harper House and, through publicity, actually may have increased Harper House sales. Defendants presented this argument to the jury but it apparently was rejected. It cannot be said that the jury could not reasonably find damages in this case. "It is the jury, not the judge, who 'weighs the contradictory evidence and inferences, judges the credibility of witnesses, receives expert instructions, and draws the ultimate conclusions as to the facts. . . . Courts are not free to reweigh the evidence and set aside the jury verdict merely because the jury could have drawn different inferences or conclusions or because judges feel that other results are more reasonable.' " *Cockrum*, 479 F.2d at 86 (quoting *Tennant v. Peoria & P. U. Ry.*, 321 U.S. 29, 35, 64 S. Ct. 409, 412, 88 L. Ed. 520 (1944)). Viewing the evidence in the light most favorable to plaintiff, the jury verdict on damages must stand.

2. *Double-Counting Damages in the Value of Use*

Defendants argue that the "value of use" award determined by the jury as a surrogate for copyright damages should have been deducted from defendants' profits as a direct expense constructively incurred by defendants. It is undisputed that direct costs of production are deductible from gross revenues in determining defendants' profits under section 504(b) of the Copyright Act and the Court appropriately instructed the jury to deduct such expenses from its determination of profits. (Jury Instruction No. 16). However, the jury carefully was instructed at all stages of computing damage awards not to count sums already taken into account in previous calculations. For example, Instruction No. 14 warned the jury not to count as recoverable profits any sum already included in computing plaintiff's *actual damages*. The instructions also instructed the jury that *actual damages* could be computed by determining what a reasonable value of use of plaintiff's organizers might have been. (Instruction No. 15.) Thus, under the instructions, it was permissible for the defendants to argue to the jury that a reasonable use damage award should be deducted as a direct expense from the jury's calculation of profits.

It is undisputed that defendants never raised this argument before the jury. Instead, defendants now claim that the Court erred in failing to instruct the jury that a reasonable use damage award should be deducted from profits in accordance with Instruction No. 16. Given the background of how jury instructions were drafted in this case, defendants' argument is untenable. The Court presided over lengthy, detailed proceedings with both parties in order to draft instructions which would set forth all parties' theory of the case and be mutually agreeable to the extent possible. At no time during these proceedings did defendants suggest the instruction they now urge.[1] Thus, defendants are barred under Rule 51 of the Federal Rules of Civil Procedure from raising a new argument that could of and should have been raised before the jury retired. *See also Dimmit Agri Industries, Inc. v. CPC Intern. Inc.*, 679 F.2d 516, 521 (5th Cir. 1982) (motion for j.n.o.v., as a renewal of a motion for directed verdict, cannot assert new grounds); *Moran v. Raymond Corp.*, 484 F.2d 1008, 1014 (7th Cir. 1973) (same).

In addition to their failure to raise an objection, defendants cannot show conclusively that a double-recovery resulted from the jury's award of a reasonable use royalty. The entire concept of a reasonable use "royalty fee" is fictional. No such fee actually was paid in this case; thus, defendants request a deduction for an expense which they never incurred. While it is true that defendants are now forced to bear that expense, it is not clear that if defendants had paid a reasonable use royalty to plaintiff in the first place, they would have incurred the same direct costs they were allowed already to deduct from profits. That is to say, it is likely that some costs that have already been deducted, for example, design and creation expenditures, would have been foregone if defendants had actually obtained a license to use plaintiff's materials. Moreover, there is nothing inconsistent with the concept of a reasonable use award and the Copyright Act's proscription against double recovery of profits and damages measuring the same harm to a plaintiff. A reasonable use "royalty" attempts to measure the harm to plaintiff from the reduced value of his copyright occasioned by an infringing defendant's use. It is not used as a proxy for measuring a defendant's ill-gotten profits. *Sid & Marty Krofft Television v. McDonald's Corp.*, 562 F.2d 1157, 1174 (1977). "[The value of use] amounts to a determination of what a willing buyer would have been reasonably required to pay to a willing seller for plaintiff's work. That is a different measure than the determination of defendants' actual profits from the infringement." *Id. (see also* discussion on propriety of value of use instruction, *infra.)*.

3. *Unfair Competition*

Plaintiff's evidence in proving the elements of unfair competition under § 43(a) of the Lanham Act was sufficient to allow the jury verdict to stand. Defendants argue that none of the three elements needed to establish unfair competition (*see* Jury Instruction No. 18) was proven. The first element is defendants' making false or deceptive advertisements and representations to customers. The jury was presented with evidence that showed significant differences between the television advertised organizer and the one that was ultimately delivered. Defendants argue that such comparisons between a prototype model and a production model should not be allowed, as a matter of law, to establish unfair competition. Defendants provide no persuasive reasoning or authority in support of this proposition. The mere fact that plaintiff's theory of the case is unusual should not prevent recovery if the requisite elements of unfair competition are established. *Cf. Follet v. New American Library, Inc.*, 497 F. Supp. 304 (S.D. N.Y. 1980) (comparing draft version of book with final published version to determine if plaintiff had authored book and had been misrepresented as the author).

Defendants' advertising did not indicate that the model displayed was only a mock-up or prototype. Moreover, even assuming that defendants may not have intended to create false misrepresentations, a relatively innocent state of mind does not necessarily exculpate a defendant from liability under the Lanham Act. It is not necessary to show that any false description or representation is willful or intentional; rather, all that is required is that representations or descriptions either be false or tend falsely to describe or represent the goods or services in question. Thus, liability is not restricted solely to descriptions which are literally false, but extends to instances where defendants create false impressions. *Walker Davis Publications, Inc. v. Penton/IPC, Inc.*, 509 F. Supp. 430, 435 (E.D. Pa. 1981). Therefore, construing the evidence in a light most favorable to plaintiff, a reasonable jury could have found the requisite element of falsity satisfied in this case. *John H. Harland Co. v. Clark Checks, Inc.*, 711 F.2d 966 (llth Cir. 1983); *American Home Products v. Johnson & Johnson,* 577 F.2d 160 (2nd Cir. 1978) (it is within the trier of fact's province to weigh evidence, including opinion research and testimony of market research experts, to determine whether advertisements were false and misleading).

Similarly, plaintiff's showing of confusion, the second element of an unfair competition claim, was sufficient to justify a jury verdict in this case. The Court's instructions required the jury to find that defendants' "false and deceptive representations and advertisements have actually deceived a significant portion of the consuming public." (Instruction No. 18; *see also* Instruction No. 19.) The Court further instructed:

> However, if you find that Defendants' representations in advertising were intentionally false and that Defendants spent a large amount of money in an effort to deceive consumers, you should presume that customers were in fact deceived by Defendants' actions. . .

(Instruction No. 20.) The jury returned a verdict finding that unfair competition had been proven against all defendants. (Special Verdict Question No. 16.) No special interrogatory specifically asked the jury to decide the basis of that finding; i.e., whether the representations in advertising were *intentionally* false.

Plaintiff's evidence clearly established that a large amount of money, $1,800,000, had been spent by defendants on advertising. The testimony of Robert Wolgemuth and Mary Wheeler could reasonably have led the jury to believe that this large sum of money was spent to deceive consumers into believing that they were getting a different product from the one being advertised. Defendants argue that Ms. Wheeler's testimony tended to show that while there may have been an intention to advertise a different product for the sake of expediency, there was no intention to *deceive* the consumer public. Expediency may have been a motivating factor in defendants' action; however, there was also adequate evidence in the record, in particular, Ms. Wheeler's testimony as to Mr. Scott's reasoning for rejecting proposed changes in the Time Maker, to support a jury inference that intent to deceive the public was also a motivating factor.[2] *See U-Haul International, Inc. v. Jartran, Inc.*, 793 F.2d 1034, 1041 (9th Cir.

1986) ("It is not easy to establish actual consumer deception through direct evidence. The expenditure by a competitor of substantial funds in an effort to deceive and influence their purchasing decisions justifies the existence of a presumption that consumers are, in fact, being deceived").

Finally, the jury could reasonably find that plaintiff was injured, which is the final element in an unfair competition claim. The Court instructed the jury that one measure could be the amount of money spent by defendants on advertising. (Instruction No. 21; *U-Haul,* 793 F.2d at 1041; *Maier Brewing Co. v. Fleishmann Distilling Corp.,* 390 F.2d 117, 121-124 (9th Cir. 1968). In *U-Haul,* the Ninth Circuit affirmed the district court's damage award in an unfair competition claim against a national moving company. The district court calculated damages by looking at direct evidence of lost profits and indirect evidence of defendant's advertising and plaintiff's corrective advertising expenditures. *U-Haul,* 789 F.2d at 1037; 601 F. Supp. 1140, 1146 (D. Ariz. 1984) ("I would arrive at the same damage award by allowing [plaintiff] U-Haul its advertising costs . . . and awarding it the [money] expended by [defendant] Jartran to carry out the offending campaign"). The *U-Haul* court's award of advertising expenditures was contemplated as a surrogate measure of damages; thus, this Court's instruction in the instant case permitting damages to be measured by advertising expenditures is not inconsistent with *U-Haul.* To the extent such advertising expenses could be confused with a measure of defendants' profits, the Court's instruction made clear that the jury's computation of profits should not include profits "caused by unfair competition and already included in computing plaintiff's actual damages in this case. (Jury Instruction No. 21.)

4. *Copyrightability*

Both parties stipulated before the jury retired to have the Court determine on a motion for directed verdict the issue of copyrightability of plaintiff's organizers. The Court found and now reaffirms its decision that plaintiff's organizers are copyrightable.

It is undisputed that plaintiff applied for and received four certificates of registration from the Copyright Office for its Day

Runner and Running Mate organizers, each of which placed these organizers within the category of "literary works" protected by the Copyright Act, 17 U.S.C. § 102(a). Under 15 U.S.C. § 440(c), plaintiff's registrations create a presumption of copyrightability for its organizers. *Baldwin Cooke v. Keith Clarke, Inc.*, 383 F. Supp. 650, 655 (N.D. Ill. 1974), *affirmed*, 505 F.2d 1250 (7th Cir. 1974) (per curiam). This presumption shifts the burden of proof to the defendants to demonstrate why plaintiff's organizers are not copyrightable. *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1019 (9th Cir. 1985).

Defendants' first argument against copyrightability is that plaintiff's organizer is an uncopyrightable system. Defendants' other arguments appear to be somewhat inconsistent. On the one hand, defendants argue that the Harper House organizers lack originality and amount to no more than a mere trivial variation of pre-existing organizers. *See, e.g., United States v. Hamilton*, 583 F.2d 448, 451 (9th Cir. 1978) ("[t]rivial elements of compilation and arrangement . . . are not copyrightable since they fall below the threshold of originality). On the other hand, defendants argue that no infringement occurred in this case precisely because plaintiff's organizers are comparatively unique; that is, when compared to defendant's Time Maker organizer, the Harper House products are designed for a completely different purpose and consumer market. None of these arguments is persuasive.

It is well-established that a system is uncopyrightable. *Baker v. Selden*, 101 U.S. 99, 25 L.Ed. 841 (1879) (book explaining accounting system not copyrightable); 17 U.S.C. § 102(b). Plaintiff's organizers, according to testimony presented by plaintiff, in part prescribe a system for "organizing" the relevant events and aspects of an individual's day-to-day life. (*See* testimony of Boyd Willat.) Plaintiff has not, however, sought copyright protection for the idea of daily planning and organization; rather, plaintiff's copyrights encompass unique expressions of that idea, which in the case of Harper House, were shown to be developed through a great deal of original thought and work. *See Baldwin Cooke*, 338 F. Supp. at 654 (holding that an "executive planner" is copyrightable and stating: "These were more than mere compilations . . . we agree with plaintiff's arguments that the arrangement, the plan and the manner in which they were put together by the author, does constitute originality."); *see also Cash Dividend Check Corporation v. Davis,* 247 F.2d 458 (9th Cir. 1957) (finding a check copyrightable); *Edwin K. William and Co. v. Edwin K. Williams and Co.-East,* 542 F.2d 1053, 1061 (9th Cir. 1976) (finding that account books containing several pages of instructions on use of forms and advice on successful management of service stations conveyed information and were entitled to copyright protection); *Toro Co. v. R. & R. Products Co.,* 787 F.2d 1208, 1212 (8th Cir. 1986) (finding parts numbering system copyrightable).

Plaintiff's work, consisting of a unique selection, format, and combination of forms and information, clearly represents an original work of authorship. *See* 17 U.S.C. § 103(a) (defining a compilation as a work "formed by the collection and assembly of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as whole constitutes an original work of authorship"). *See also Broderbund Software, Inc. v. Unison World, Inc.,* Case No. C-85-3457 (N.D. Cal. Filed Oct. 3, 1986) (finding software on the audiovisual displays of a computer program copyrightable and stating: "the expressions of those ideas [underlying the menu screens, input formats, and sequencing of screens] are very different. The menu screens and sequence of screens in the two programs are different. The entire structure and organization of the user interfaces are different. . . . The Court rejects defendant's contention that the idea and expression of "Print Shop" are indistinguishable from one another"); *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.,* 797 F.2d 1222 (3rd Cir. 1986) (copyright protection of computer programs may extend beyond programs' literal code to their structure, sequence, and organization).

Moreover, testimony from Felice and Boyd Willat supports a finding that plaintiff's organizers embody more than a trivial variation of pre-existing organizers. A substantial amount of time and energy as well as thought went into producing new products designed to provide greater utility to the relevant consumer public. Such effort alone, expended to create tangible works of authorship, is within the scope of copyright protection. *Del*

Madera Properties v. Rhodes and Gardner Inc., Nos. 85-2581; 85-2687, slip op. at 9 (9th Cir. June 23, 1987).

Finally, there was ample evidence in the record to support the jury's finding of infringement. Defendants argue that, as a matter of law, the extrinsic test for substantial similarity was not met in this case since plaintiff's organizers appeal to the "upscale business women" market while the Time Maker was designed for housewives. Although the question may be decided as a matter of law, substantial similarity is, at bottom, an issue of fact to be decided by the trier of fact. *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). Even assuming that an extrinsic test is appropriate in this case, *see Krofft* at 1165, here there was significant evidence of actual copying, a fact which could reasonably support the jury's finding of infringement.

B. MOTION FOR NEW TRIAL

Rule 59 of the Federal Rules of Civil Procedure provides that a new trial may be granted "for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States. . . Rule 59 gives the trial judge the power to prevent what she considers to be a miscarriage of justice; thus, she may order a new trial if she deems it in the interest of justice to do so. *Moist Cold Refrigerator Co. v. Lou Johnson Co.*, 249 F.2d 246 (9th Cir. 1957). The court should not grant a new trial unless it is reasonably clear that prejudicial error has crept into the record or that substantial justice has not been done. 11 Wright & Miller, *Federal Practice & Procedure* § 2803. The burden of showing harmful error rests on the party seeking the new trial. *Id.* A new trial may not be granted on grounds not called to the court's attention during the trial unless the error was so fundamental that gross injustice would result. *Id.* at § 2805.

Defendants raise several grounds for their motion, each of which will be examined in turn.

1. *The Possibility of a Quotient Verdict*

Defendants argue that the jury failed to follow the jury instructions given by the Court by rendering a quotient verdict. A "quotient verdict" is one resulting from agreement whereby each juror writes down an amount of damages to which he thinks the party is entitled and such amounts are then added together and divided by the number of jurors. *Blacks Law Dictionary* (citing *Index Drilling Co. v. Williams,* 242 Miss. 775, 137 So. 2d 525, 530).

According to defendants, the jury's calculation of defendants' profits bears no relationship to any figures presented in evidence. The Court's instruction on profits calculation spelled out a specific procedure:

> To prove Defendants' profits, Plaintiff need only prove the dollar amount of sales of Time Maker organizers made by the Defendants. Defendants admit that Thomas Nelson has sold $3,223,613 of Time Maker organizers and that Time Maker, Inc. has sold $9,268,930.
>
> From that figure, Defendants may deduct a variety of direct costs of the Time Maker project, namely manufacturing costs, advertising costs, freight-in-costs, travel and entertainment costs, shrinkage costs, royalty expense, commission expense, and free sample expense. However, Defendants bear the burden of proving the amount of these costs and no deduction may be allowed for any of these costs unless proven by a preponderance of the evidence.

(Jury Instruction No. 16.)

The jury's verdict determined a profit of $1,074,541 for Thomas Nelson and $3,089,334 for Time Maker. According to defendants, [n]o possible combination of permitted deductions which were introduced into evidence could yield such a finding if Instruction No. 16 has been followed. However, such findings can be reconciled on the basis of a quotient formula determination. Each finding is perilously close to exactly one-third of the gross sales of each defendant." (Defendants' Memo. in Support, p. 5.)

Even assuming that defendants are correct and the jury determined profits by dividing each defendant's gross sales figures by 1/3, the mere use of such a formula is not prohibited. *Freight Terminals, Inc. v. Ryder System, Inc.*, 461 F.2d 1046, 1053 (5th Cir. 1972). If the jury reached its decision on the basis of reason and deliberation over the evidence, its result would be fair and proper. *Cf. Bunker v. City of Glendale*, 108 Cal. Rptr. 565 (1980) (formula considered by jury did not result in an impermissible quotient verdict); *Monroe v. Lashus*, 338 P.2d 13, 170 C.A.2d 1; *Glass v. Gulf Oil Corp.*, 96 Cal. Rptr. 902 (no quotient verdict).

There is no evidence in this case that the jurors "prearranged" to abide by a random result. *See Freight Terminals*, 461 F.2d at 1053. *See also Luck v. Balt. & Ohio R. Co.*, 510 F.2d 663 (D.C. Cir. 1974) (mere speculation will not suffice to prove that the jury reached its verdict improperly). As a result, defendants have not met their burden of proof and the jury's determination of profits shall stand.

2. *The Jury's Damage Award*

Defendants argue that the jury's damage award exceeded the amount that can be justified by the evidence and point to several jury instructions given by the Court which they argue contributed to the excessive verdict. A new trial may be granted where it appears that excessive damages were determined under the influence of passion or prejudice or where there is insufficient evidence to justify the verdict. Local Rule 15.1 (f) (g). A new trial may also be justified on the basis of errors in the admission or rejection of evidence or the giving or refusal of jury instructions. 11 Wright & Miller at § 2805; *see also Montgomery Ward & Co. v. Duncan*, 311 U.S. 243, 61 S. Ct. 189, 85 L.Ed. 147 (1940).

Defendants specifically dispute the Court's instruction to the jury on deduction of overhead expenses from its calculation of profits. The Court instructed the jury that it could not deduct such overhead items of expense "if you find that any Defendants' infringement is willful . . ." (Jury Instruction No. 16.) The Court later defined "willful act" as one done "when a defendant intends to do it and knows the nature of the act, when it is done deliberately." (Jury Instruction No. 12.) Defendants argue that the Court's instruction on willfulness constituted error because it led the jury to believe, at most, that only copying had to be willful when under the Copyright Act, willfulness must refer to "deliberate infringement." Defendants never objected at trial to the Court's instruction on willfulness, Fed. R. Civ. P. 51; moreover, Instruction No. 16 plainly states that the jury is to look for willful *infringement* which, when read with Instruction No. 12, call for the jury to establish intentional, *deliberate infringement.*

Defendants further argue that it was error to instruct the jury to ignore overhead deductions upon a finding of willfulness. According to defendants, deductions for overhead expense have been allowed despite findings of willful infringement. *See Sheldon v. Metro-Goldwyn Pictures Corp.,* 106 F.2d 45 (2nd Cir. 1939) ("deliberate plagiarism"); *Schubert & Associates v. Solo-Serve Corp.,* 220 U.S.P.Q. (W.D. Tex. 1983). No objection was made to the Court's instruction on overhead; indeed, the instruction was proposed as a "joint instruction." Given the lengthy proceedings conducted before the Court to determine jury instructions, defendants cannot argue that they were denied an opportunity to object or that any such objection was "distinctly" made. F. R. Civ. P. 51. Finally, it cannot be said that the instruction resulted in plain error. *See Sammons v. Colonial Press,* 126 F.2d 341, 348 (lst Cir. 1942); *Frank Music v. Metro-Goldwyn-Mayer, Inc.,* 772 F.2d 505, 515 (9th Cir. 1985) (finding that overhead may be deducted from gross revenues "at least where the infringement was not willful"); *Kamar Intern. Inc. v. Russ Berrie & Co.,* 752 F.2d 1327 (9th Cir. 1984) (allowing overhead deductions because the infringement was not deliberate or willful in the sense of "moral blame," although it may have been willful for computation of statutory damages). *Cf. Alfred Bell & Co. v. Catalda Fine Arts, Inc.,* 191 F.2d 99 (2d Cir. 1951) (income tax payable on gross revenues not deductible where infringement was conscious and deliberate); *see also* 3 M. Nimmer at § 14.04[B].

Defendants further object to the Court's instruction on "value of use." (Instruction No. 15; supra.) The value of use instruction is justified in cases where the infringement did not produce a gain to the infringer and where losses to the copyright owner are difficult to quantify. Under such circumstances and employing traditional measures of actual damages, a copyright owner would have no recovery even though a defendant's infringement was willful and deliberate. 3 M. Nimmer at § 14.02. To avoid this harsh result, the Seventh Circuit in *Deltak, Inc. v. Advanced Systems, Inc.*, 767 F.2d 357 (7th Cir. 1985) defined actual damages to include the "value of use" to the infringer.

The value of use concept of measuring damages has been accepted by the Ninth Circuit. *Krofft*, 562 F.2d at 1174 (affirming jury instruction allowing jury, in arriving at a damage award, to take into consideration the reasonable value of defendants' use of plaintiffs' work); *see also Frank Music*, 772 F.2d at 512. The court's analysis in *Frank Music* explains the "value of use" theory as using "market value" of plaintiff's work as a way of measuring the damage to plaintiff from having its work used by others:

> "Actual damages" are the extent which the market value of a copyrighted work has been injured or destroyed by an infringement. In this circuit we have stated the test of market value as "what a willing buyer would have been reasonably required to pay to a willing seller for plaintiffs' work.

Id. at 512 (quoting *Krofft* at 1174). *Cf. Van Der Salm Bulb Farms, Inc. v. Hapag Lloyd,* AG, 818 F.2d 699 (9th Cir. 1987) (holding that market value of destroyed flower bulbs was sufficient to show actual damage under Carriage of Goods by Sea Act).

Finally, plaintiff presented sufficient evidence of what a reasonable royalty or value of use might have been in this case. Both Boyd Willat and Haldane King suggested that a license fee of 15% of defendants' wholesale sales would have been a fair price. The jury had an opportunity to consider this testimony and any contrary evidence or inferences defendants were able to provide. The mere fact that both Willat and King are affiliated with Harper House did not impugn the worth of their testimony; indeed, Willat was well-qualified to testify to the value he attached to the use of his copyrights. *See Fitzgerald Publishing v. Baylor Publishing*, 807 F.2d 1110 (2nd 1986) ("the copyright owner is competent to testify as to the extent to which the copyright value has been injured or destroyed by defendant's actions") (*citing Runge v. Lee,* 441 F.2d 579, 582 (9th Cir. 1971)).

Defendants also assign as error the Court's refusal to give one of defendants' proposed instructions on the apportionment of profits. That instruction provided:

> *Damages May Be Awarded As To Infringing Part of Defendants' Organizers*
>
> If you decide that Plaintiff is entitled to damages which relate to Defendants' profits and also determine that any of the Defendants has made any profit on the Time-Maker project, then the damages assessed need not be measured by the entire profit earned by defendants on the Time-Maker, but may be in an amount commensurate with the value of the infringing material in relation to the Time-Maker organizer as a whole.

(Defendants' Proposed Jury Instruction No. 16.)

The Court's instruction as given encompassed the essence of defendants' proposed instruction. Instruction No. 14 instructed the jury to award only damages "suffered as a result of the infringement" and only profits "that plaintiff has proven are attributable to the infringing use of its work." Defendants concede that such statements are correct statements of the law. (*See* Defendants' Memo in Support, p. 18); 17 U.S.C [§] 504(b). The instructions made clear to the jury that defendants should be liable only for damages caused by their infringing conduct; no further instruction was required. Defendants had the opportunity to argue to the jury the point that not all of defendants' profits could be related to acts of infringement and it was up to the jury to weigh this evidence.

Finally, it cannot be said that the jury's award of damages was excessive for copyright infringement. The jury dutifully completed the special verdict form and did so in a fashion that indicated that each element of damages was carefully considered. There is no basis for concluding that the jury was influenced by passion or prejudice.

3. *Unfair Competition*

Defendants' arguments against the jury's verdict on unfair competition were raised as grounds for granting judgment notwithstanding the verdict. Those arguments are repeated as grounds for granting a new trial. For the reasons stated above, the Court does not find defendants' arguments persuasive and the jury's verdict on unfair competition must stand.

4. *Copyright Infringement Instructions*

Defendants argue that several of the instructions related to copyright infringement erroneously allowed the jury to compare defendants' and plaintiff's organizers as a whole rather than focus the jury's attention solely on a comparison of the protectible aspects of plaintiff's organizers. Specifically, defendants point to instruction No. 9, which instructed the jury to consider the "total impact and feel" of the organizers; instruction No. 7, which, instead of focusing attention on the "protectible elements" of plaintiff's organizers, instructed the jury to consider if defendants had "actually copied a substantial amount of plaintiff's work"; and instruction 4, which informed the jury that the protectible elements of the plaintiff's organizers are "the format, selection, coordination, arrangement and method of statement . . ." According to defendants, it was error for the Court to include the last phrase, "method of statement," in the instruction.

Each of the above-mentioned phrases/instructions is supported by authority. Testimony from plaintiff's witnesses revealed that the Harper House organizers contained some information and that the organizers had a method for conveying this information. Moreover, defendants never specifically objected to the inclusion of the phrase "method of statement" in Instruction No. 4; thus, they are barred from now raising an objection to this phrase. Fed. R. Civ. P. 51.

Defendants claim that they objected to many of the Court's given instructions by proposing their own instructions which the Court never used. In the case of Instruction No. 4, defendants presumably would argue that their proposed instruction No. 7 is applicable. That proposed instruction stated: "Copyright in a compilation does not extend to the work as a whole, but rather only covers those elements contained in the compilation which are original with the copyright claimant." (Defendants' Proposed Jury Instruction, filed March 24, 1987, p. 7.) While it is true that a request for an instruction may in substance be an objection to the charge as given, ***Washington State Bowling Proprietors Ass'n v. Pacific Lanes, Inc.***, 356 F.2d 371, 378 (9th Cir. 1966), if the court has failed to give the requested instruction, an objection should be made and it should state grounds rather than merely object generally to the refusal to give the instruction. 9 Wright & Miller at § 2554. "Rule 51 is not top-heavy with technical excuses for overlooking trial errors. No particular formality is required so long as it is clear that the trial judge was informed of possible errors and was given an opportunity to correct them." *Id.* In the case of the phrase "method of statement," no objection of any sort was offered.

Defendants' claim that the Court failed to focus the jury's attention on the protectible elements of the plaintiff's organizers is unpersuasive. Instruction No. 4 specifically excluded from the jury's consideration "the idea of a binder." Moreover, the Court made clear that it was not the *idea* of an organizer that the jury should examine, but rather the expression of that idea as embodied in its "format, selection, coordination, arrangement, and method of statement." (Instruction No. 4.) Instruction No. 6 further clarified the jury's role. It informed the jury that infringement could be shown through direct proof of actual copying or through indirect proof, including a showing of "'substantial similarity' between *protectible expression* in the Plaintiff's and Defendants' organizers" (emphasis added). Again, no objection was raised to this language. Rule 51.

Defendants' objection to the language of "total impact and effect" is likewise unsubstantiated. ***Roth Greeting Cards v. United Card Co.***, 429 F.2d 1106 (9th Cir. 1970); ***Krofft***, 562 F.2d 1157; ***Malkin v. Dubinsky***, 146 F. Supp. 111, 114 (S.D. N.Y. 1956) (jury could find that the "over-all impact and effect" had been substantially appropriated). It was not error for the Court to instruct the jury to consider the total impact and effect of plaintiff's work in light of the previous instructions which instructed the jury to compare the organizers for their similarity of protectible expression. (*See* Instructions 6, 8). Similarly, the language in Instruction No. 9 instructs the jury to examine each work as a whole by focusing not on isolated elements, but rather on "combinations of elements and *expressions* therein" (emphasis added). Thus, the instructions did not prejudice the jury by focusing its attention on non-protectible elements of plaintiff's organizers.

Defendants' remaining arguments concerning copyrightability were raised in reference to the motion for j.n.o.v. and the Court again finds them unpersuasive in regards to a motion for new trial.

C. MOTION FOR ENTRY OF JUDGMENT

Plaintiff requests the Court to enter judgment in favor of plaintiff and award attorneys' fees pursuant to 17 U.S.C. § 505; 19 U.S.C. § 1117(a); Federal Rule of Civil Procedure 11 and 28 U.S.C. § 1927; and F. R. Civ. P. 37(c). Plaintiff further requests the Court to treble damages on the unfair competition claim pursuant to 15 U.S.C. [§] 1117(a). Plaintiff also requests an award of pre-judgment interest and its costs under F. R. Civ. P. 54(d). Finally, plaintiff moves for inclusion in the judgment of a permanent injunction restraining defendants from further acts of unfair competition and copyright infringement.

1. *Double Recovery of Unfair Competition Damages*

In its verdict, the jury indicated that all the damages it found resulted from unfair competition had already been included in its award of damages for copyright infringement. Although plaintiff disputes this fact, it is irrefutably evident from the verdict form, which was agreed to by plaintiff, that no unique harm resulted to plaintiff from unfair competition. Question 17 on the Special Verdict form required the jury to establish damages it found plaintiff had suffered from unfair competition. The jury returned an award of $60,307 against Thomas Nelson and $1,800,000 against the Pennsylvania Defendants. It is uncontroverted that those sums correlate exactly with the advertising expenses defendants incurred in promoting the Time Maker. Of course, the jury expressly was permitted to award damages on the basis of the evidence of defendants' advertising expenses in acccordance with

Jury Instruction No. 21. However, the jury indicated that all damages for unfair competition overlapped its damage award for copyright. The jury's answer to Special Verdict Interrogatory No. 17(c) stated:

> (c) Of these amounts [of damages for unfair competition], how much is not already included within the copyright damages, if any, set forth in your answer to Question 15 [damages for copyright]:

Thomas Nelson	Time Maker, Inc. R.M. Marketing and National Media Group
$ 0	$ 0

Plaintiff disputes this finding and offers a different interpretation of the jury's verdict. According to plaintiff, since the jury could not find any profits attributable to unfair competition, its award of "actual damages, as measured by advertising expenses, was a unique award which the jury did not take into account when establishing damages for copyright. This argument turns the jury verdict on its head and can only be supported by claiming that the jury did not understand the verdict form and instructions. No evidence supports such a conclusion. Thus, the only reasonable conclusion the Court can reach is that the jury found the damages from unfair competition were completely subsumed within damages from copyright infringement. *Cf. Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp.*, 566 F. Supp. 1558 (D. Del. 1983) (trial court must attempt to harmonize jury's answers to interrogatories if it is possible to do so under fair reading of them); *Bates v. Jean*, 745 F.2d 1146 (7th Cir. 1984).

Plaintiff further argues that the possibility of "double-recovery" lacks legal significance since it is possible to recover twice for the same damage if two separate wrongs led to the harm. Plaintiff's most persuasive authority for this proposition is *Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562 (11th Cir. 1986). In *Ramada Inns*, the Eleventh Circuit Court of Appeals was faced with a similar "double-recovery" issue in an appeal from the district court's award of damages for defendant's breach of a franchise agreement and trademark infringement. Although finding that the district court's award of treble damages for trademark infringement compensated plaintiff for the same harm encompassed in the court's award of liquidated damages, such double-recovery was nevertheless permissible. The court agreed with plaintiff that the liquidated damages and trademark infringement related to "an entirely separate set of wrongs." *Id.* at 1566. The court further stated:

> By committing these two indiscretions, the partners became liable for two damage awards. Since damages are not always given to precise calculation, a possibility always exists that some overlap will occur when separate awards are made to compensate for separate wrongs.

Id.

Although *Ramada Inns* provides support for plaintiff's position in this case, this Court is not bound by *Ramada's* allowance of a possible double recovery. The instant action is distinguishable in material ways. First, the jury verdict in this case plainly found that all damages from unfair competition are incorporated in the copyright damage award. No such explicit finding was made by the district court in *Ramada Inns*. The fact that the district court did not make such a finding is important since "the district court's damage assessment is entitled to deference" in an action for violation of the Lanham Act. *Id.* at 1564. Thus, employing a standard of review which gives " 'great latitude to the trial judge in awarding damages.' " *Id.* at 1565 (quoting *Drake v. E.I. DuPont de Nemours and Co.*, 432 F.2d 276, 279 (5th Cir. 1970), the appellate court in *Ramada Inns* was hesitant to correct the findings of the lower court. In the instant action there is an explicit finding of fact by the trier of fact that all of plaintiff's damages for unfair competition are compensated for in its award of copyright damages.

The Court is convinced, notwithstanding *Ramada Inns*, that a double recovery of damages would be inappropriate in this case. *See generally, Kissell Company v. Gressley*, 591 F.2d 47, 51 (9th Cir. 1979) ("[d] ouble recovery is disfavored"); *U-Haul Intern., Inc. v. Jartran, Inc.*, 793 F.2d 1034, 1037 (1986) (allowing only one recovery for damages resulting from two claims of unfair competition and stating "the district court reached a $40 million verdict with respect to each claim. Only one recovery of full compensation is permissible, however"). *See also CPG Products Corp. v. Pegasus Luggage, Inc.*, 776 F.2d 1007, 1033 n. 14 (Fed. Cir. 1985) (refusing to allow double recovery on claims for patent infringement and unfair competition and stating that the plaintiff "is not entitled to dual damages resulting from the same act"); *Westman v. Sears, Roebuck & Co.*, 577 F.2d 87 (5th Cir. 1978) (disallowing double recovery of damages under state laws for wrongful death and stating: "When an element of damage of these wrongful death acts is duplicated or overlaps, plaintiff can recover an award for that damage element only once. The law does not sanction double recoveries"); *Kassman v. American University*, 546 F. 2d 1029, 1033-34 (D.C. Cir. 1976) (" [w]here there has been only one injury, the law confirms only one recovery, irrespective of the multiplicity of parties whom or theories which the plaintiff pursues").

Even if a double recovery were legally permissible, the Court would exercise its discretion under the Lanham Act to prevent it in this case. The Lanham Act provides:

> In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may *in its discretion* enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute *compensation* and not a penalty.

15 U.S.C. § 1117(a) (emphasis added). Any award of damages under this section is subject to principles of equity and the court's discretion based upon a wide range of considerations. *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117 (9th Cir. 1968); *Otis Clapp & Son v. Filmore Vitamin Co.*, 754 F.2d 738 (7th Cir. 1985). Since the jury has found that plaintiff can be compensated adequately by the damages awarded under the copyright claim, no recovery is justified on the claim for unfair compensation. *Cf. Ramada Inns v. Apple*, 482 F. Supp. 753 (D. S.C. 1980) (granting injunction and finding no need to grant

other relief in absence of showing of defendants' profits); *Vuitton Et Fils, S.A. v. Crown Handbags,* 492 F.2d 1071 (S.D. N.Y. 1979) (damages award serve to compensate plaintiff for damages to its reputation or other harms while profits award is designed to deter willful infringement). *See also Gilson, Trademark Practice & Protection,* § 8.08[2] ("courts have not awarded both damages based upon plaintiff's lost sales and defendant's profits attributable to sales under the infringing mark. . . . Recovery of both would be an inappropriate double recovery, inasmuch as recovery of the infringer's profits in all likelihood will compensate for the sales the plaintiff has lost").

2. *Treble Damages Under the Lanham Act*

The Court's finding that no damages are recoverable under the unfair competition claim obviates the need to resolve the issue of enhanced or treble damages. However, it is undisputed that if damages were recoverable, the Court would have discretion, under 15 U.S.C. § 1117(a), to enter judgment "according to the circumstances of the case, for any sum above the amount found as actual damages, not to exceed three times such amount." 15 U.S.C. [§] 1117(a). One court has stated that the issue of treble damages extends beyond mere discretion: "federal courts are expected, and not merely authorized to 'enter judgment for three times such profits or damages, whichever is greater, together with reasonable attorney's fees.'" *Fendi S.A.S. DiPaola v. Cosmetic World, Ltd.,* 642 F. Supp. 1143, 1147 (S.D. N.Y. 1986) (action involving counterfeit trademarks) (emphasis added). *But see Burger King Corp. v. Mason,* 710 F.2d 1480 (11th Cir. 1983) (there is no automatic right to enhanced damages for Lanham Act violations).

The more conventional view is that the decision to enhance damages is vested in the discretion of the court. *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing, Inc.,* 597 F.2d 71, 77 (5th Cir. 1979). There appear to be no firm guidelines, but generally the more aggravated, willful and fraudulent the defendant's conduct, the greater the judicial propensity to enhance damage awards. *See* Gilson at § 8.08[1]; *Deering, Milliken & Co. v. Gilbert,* 269 F.2d 191 (2nd Cir. 1959) (awarding enhanced damages for "deliberate and fraudulent infringement"); *H.A. Friend & Co. v. Friend & Co.*, 276 F. Supp. 707 (C.D. Cal. 1969) (conduct "fraudulent" and "willful and calculated to trade upon the plaintiff's good will"); *Burndy Corp. v. Teledyne Industries*, 584 F. Supp. 656, 669 (D. Conn. 1984) (multiple damages are reserved for cases "where the defendant's wrong is willful"); *Isaly v. Kraft, Inc.*, 619 F. Supp. 983, 998 (M.D. Fla. 1985) (award is discretionary and may be based on a finding of willfulness).

Plaintiff urges, as a general consideration, that defendants' actions in litigating this case, specifically "the obstructive nature of the defense," (Pltf's Memo in Support at p. 24), be considered a factor in establishing good cause for trebling damages. Although the Court is empowered to consider a broad range of factors "according to the circumstance of the case," 15 U.S.C. [§] 1117(a), one court has discouraged the consideration of the litigation-related conduct of the parties. *Boston Professional Hockey*, 597 F.2d at 77. I would agree with the Fifth Circuit that litigation-related conduct generally should not be considered in evaluating the damage award. A court has other adequate means by which to sanction bad faith pre-trial conduct and, as the parties in this case are well aware, the Court has not hesitated to resort to such means when and where they were called for. Of course, an exception to this general rule might apply in situations of extreme bad faith conduct, as where records are destroyed and Court orders are willfully disobeyed. *Id.* The record in this case contains such conduct. However, the Court already has imposed heavy sanctions for that conduct and will not rely on it solely as a basis for increasing the damage award. As the Fifth Circuit has said:

> We would be reluctant to approve increased damages intended solely as punishment for conduct unrelated to the trademark infringement or to the actual damages caused by it.

Id.

On the other hand, it seems equally clear that to justify a judgment increasing damages, the Court need not find that the defendants deliberately and *knowingly* violated the statute. Defendants argue that such a knowledge component is required to establish willfulness. There is no authority for this proposition. Defendants need not *know* that they are violating the law; rather, it would appear that the Court at most need find that defendants have deliberately and willfully disregarded plaintiff's rights. *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001 (9th Cir. 1985) (awarding punitive damages for unfair competition under California law). However, knowledge may be considered an aggravating factor, as where defendants suspect they are violating the law, seek a legal opinion, and then either disregard that opinion or deliberately obtain incompetent advice to establish reliance thereon. *See Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1390 (Fed. Cir. 1983) (where potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether he is infringing).

The record would not appear to support a sufficient finding of willfulness in this case to justify enhancing damages for unfair competition. The Court arrives at a different outcome in the case of copyright infringement, where the Court feels constrained to defer to the judgment of the jury. (See Special Verdict.) However, the jury made no finding of willfulness with regards to unfair competition. Moreover, in the case of copyright infringement, there was substantial evidence that defendants recklessly disregarded legal advice they had solicited which cautioned defendants of the potential liability they faced in copying plaintiff's organizers. (Exhibit 77.) Such advice created a duty to investigate fully the possibility of infringement but it did not warn defendants against advertising one model and producing another. Given the circumstances of this case, the Court finds that enhancement of damages under 15 U.S.C. [§] 1117(a) is not justified. *Caesars World Inc. v. Venus Lounge, Inc.*, 520 F.2d 269, 273-75 (3d Cir. 1975); *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602, 607-8 (3d Cir. 1978).

3. *Attorney's Fees*

a) *Attorney's Fees Under the Copyriqht Act*

The Court may award plaintiff's attorneys' fees as a prevailing party under the Copyright Act. 17 U.S.C. § 505. The award of such fees is discretionary with the court but is appropriate where a defendant has willfully or deliberately infringed a copyright. *Transgo,* 768 F.2d at 1026-27.

Defendants argue that section 412 of the Copyright Act bars an award of attorneys' fees. Section 412 provides:

> In any action under this title . . . no award of statutory damages or of attorneys' fees, as provided by Sections 504 and 505, shall be made for . . . any infringement of copyright commenced after first publications of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

17 U.S.C. § 412.

According to defendants, the section applies to bar an award of attorneys' fees in this case because the alleged acts of infringement commenced after plaintiff's organizers were published but before plaintiff sought copyright protection. It is undisputed that the effective date of copyright registration for plaintiff's organizers was June 14, 1985. Plaintiff concedes that defendants' infringement commenced pre-registration but argues that defendants' post-registration acts (i.e., after June 14, 1985) constitute separate acts of infringement upon which an attorneys' fee award may be based. Plaintiff points to the special verdict on which the jury found twelve (12) separate acts of infringement. (See Special Verdict, Interrogatories Nos. 2-13.)

Two courts have examined similar variations on plaintiff's proposition and both have rejected it. *See Whelan Associates, Inc. v. Jaslow Dental Lab.,* 609 F. Supp. 1325, 1331 (E.D. Pa. 1985); *Johnson v. University of Virginia,* 606 F. Supp. 321 (D. Va. 1985). In *Whelan,* plaintiff sought attorneys' fees under § 503 of the Copyright Act for defendants' willful and intentional infringement of plaintiff's software computer programs for dental laboratory record keeping. The court found that the infringement commenced when one defendant began advertising and aggressively marketing copies of the plaintiff's "Dentalab" program in August 1983. Plaintiff filed its first copyright claims on August 16, 1983. Finding that there was "at least one act of infringement by defendants prior to the copyright being registered," *id.* at 1331, the court declined to award attorneys' fees to plaintiff even though separate acts of infringement had occurred subsequent to the date of registration:

> Case law as to what constitutes the "commencement" of infringement is quite sparse. Cases seem to recognize that a simple discrete act of infringement occurring before copyright registration bars attorney's fees under 17 U.S.C. § 412. *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Construction Co.*, 542 F. Supp. 252, 267-68 (D. Neb. 1982); *Streeter v. Rolfe*, 491 F. Supp. 416, 421-22 (W.D. La. 1980). Unquestionably, one of the purposes of the present copyright act was to encourage registration. [Citation omitted.] The award of statutory attorney's fees replaces the common law rule against allowance of fees. Interpreting "commencement of infringement" as the time when the first act of infringement in a series of on-going discrete infringements occurs (i.e., the first infringing sale in a series of on-going separate sales) would best promote the early registration of a copyright. It would strongly encourage prompt registration.

Id. at 1331.

The other case that has rejected plaintiff's proposition is *Johnson v. University of Virginia*, 606 F. Supp. 321 (D. Va. 1985). In *Johnson*, plaintiff alleged that defendants, the University of Virginia and two of its employees, infringed on plaintiff's copyrights for certain photographs taken at University of Virginia sporting events. The photographs had not been registered until March 12, 1984 while defendants' unauthorized first use occurred no later than January 1984. The Court rejected plaintiff's argument that his claim for statutory damages and attorneys' fees was not barred by § 412 due to the occurrence of infringing acts subsequent to the date of registration:

> Plaintiff seeks to escape the bar of section 412 by arguing that a copyright infringement "commenced" within the meaning of § 412 each time defendants used any of plaintiff's photographs. The court believes that ascribing such a meaning to the term "commenced" would totally emasculate § 412.

Johnson at 325.

The analysis and holdings in *Johnson* and *Whelan* are controlling in the instant action. Plaintiff has provided no authority involving attorneys' fees to support its position that § 412 does not preclude an award of fees for separate acts of infringement subsequent to the date of copyright registration. The only cases cited by plaintiff concern the issue of statutory damages and, specifically, the determination of the number of times a defendant has infringed upon a plaintiff's copyright. *See, e.g., Iowa State University Research Foundation, Inc. v. American Broadcasting Co., Inc.*, 475 F. Supp. 78, 82 (S.D. N.Y. 1979) (considering the proximity in time of repeated infringements and the differences in nature and kind of acts constituting infringment to determine whether successive infringments should be treated as one continuing infringement or as multiple infringements).

Determining the number of times a defendant has infringed, although relevant to determining the correct amount of statutory damages to award, is not controlling on the issue of awarding attorneys' fees. The *Whelan* and *Johnson* courts explicitly examined situations involving multiple infringements and found that no attorney's fees could be awarded when an act of infringement had commenced prior to the date of registration. In *Whelan*, the court reached this conclusion despite plaintiff's argument that the "prior" act of infringement concerned only an "experimental" version of the defendants' copy which defendants later improved and sold subsequent to the date of plaintiff's registration. A similar effort to distinguish infringing acts is made by plaintiff in the instant action in regard to the first and second version of the Timemaker organizer; however, because the Court agrees with the *Whelan* court that a strict reading of § 412 better serves the policy of encouraging prompt registration, and because the Court also agrees with the *Johnson* court that the liberal interpretation of section 412 urged by plaintiff would emasculate the *meaning of* § 412, the Court finds that an award of attorneys' fees in this case is precluded by 17 U.S.C. § 412.

b) *Attorney's Fees for Unfair Competition*

15 U.S.C. Section 1117(a) provides that the court in "exceptional cases" may award reasonable attorneys' fees to the prevailing party in a Lanham Act action. In the Ninth Circuit, a trademark case is exceptional for the purposes of an award of attorneys' fees where infringement is malicious, fraudulent, deliberate, or willful. *Sealy, Inc. v. Easy Living, Inc.*, 743 F.2d 1378, 1384 (9th Cir. 1984). The decision to award attorneys' fees is left to the discretion of the court. *Id.; Transgo*, 768 F.2d at 1026.

The Court has already indicated its disinclination to find willfulness in regards to the unfair competition claim; as a result, it declines to award attorneys' fees on that aspect of the case.

c) *Attorney's Fees Under 28 U.S.C. § 1927 and Federal Rules 11 and 37(c)*

Plaintiff asserts three additional grounds for an award of attorneys' fees. Plaintiff argues that an award of attorneys' fees is justified under 28 U.S.C. § 1927 on the grounds that defendants caused the proceedings to be multiplied "unreasonably and vexatiously." Plaintiff also argues that fees may be awarded under Federal Rules of Civil Procedure 11 and 37(c) as a result of defendants' obstinacy in discovery and failure to admit the existence of the partnership between the defendants pursuant to plaintiff's request to admit served under Rule 36.

The Court, in its discretion, declines to base an award of attorneys' fees on any of these grounds. Where it has been appropriate, the Court already has sanctioned defendants for their pre-trial conduct. Duplicating those sanctions now, including an award of attorneys' fees, would serve neither to punish defendants nor to deter further the conduct that led to the imposition of sanctions. See *United States v. Blodgett*, 709 F.2d 608, 610-11 (9th Cir. 1983); *United States v. Associated Convalescent Enterprises*, 766 F.2d 1342, 1347-48 (9th Cir. 1985).

4. *Pre-Judgment Interest*

Although conceding that there is no relevant statutory authorization, plaintiff requests the Court to award pre-judgment interest dating back to June 1985, when defendants first began infringing plaintiff's copyrights. Pre-judgment interest may not be awarded under the Copyright Act. *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Construction Co.*, 542 F. Supp. 252, 264 (D. Neb. 1982). However, assuming that pre-judgment interest is available under the federal common-law, such interest should be awarded only in cases where there is bad faith or other exceptional circumstances. *Whelan*, 609 F. Supp. at 1328 (*citing Duplate Corp. v. Triplex Safety Glass Co.*, 298 U.S. 448, 56 S. Ct. 792, 80 L. Ed. 1274 (1936) and *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 103 S. Ct. 2058, 76 L. Ed. 2d 211 (1983)). Although there is some evidence of bad faith in this case, the Court is not convinced that circumstances are so exceptional as to justify an award of pre-judgment interest. *Whelan; see also Baldwin Cooke v. Keith Clark, Inc.*, 420 F. Supp. 404, 409 (N.D. Ill. 1976); *Blackman v. Hustler Magazine*, 620 F. Supp. 792, 802 (D. D.C. 1985); *Davis v. E.I. du Pont de Nemours & Co.*, 257 F. Supp. 729 (S.D. N.Y. 1966).

5. *Plaintiff's Costs*

Plaintiff has also moved for an award of its cost under F. R. Civ. P. 54(d). That rule provides, in pertinent part, that "costs shall be allowed as of course to the prevailing party unless the court otherwise directs." It is undisputed between the parties that plaintiff, as the prevailing party in this action, is entitled to recover its reasonable costs determined pursuant to Local Rule 16.

6. *Joint and Several Liability*

Defendants argue that they should not be held jointly and severally liable for each other's acts and that the Court has separate damage awards available from the special verdict to impose separate and several liability against Thomas Nelson and the Pennsylvania defendants. Plaintiff disagrees and claims that defendants have stipulated to joint and several liability. *See* Ex. 6, attached to Plaintiff's Memo. in Reply. That stipulation, filed June 10, 1987, clearly contemplates defendants' joint and several liability as joint venturers. Sub-paragraph (3) states: "Defendants agree that they are each fully responsible and liable for the acts of the others as partners as well as joint venturers." Moreover, the facts in this case warrant a finding that the defendants "worked closely together" such that they are jointly and severally liable for plaintiff's actual damages and their own profits. *Frank Music*, 772 F.2d at 519. *See also Abeshouse v. Ultragraphics, Inc.*, 754 F.2d 467, 472 (2d Cir. 1985) (quoting 3 M. Nimmer, § 12.04 [C](3) at 12-54.3).

7. *The Injunction*

Plaintiff has presented new evidence indicating a continuing threat of infringing sales from a television marketed product known as the "Time Maker II". (*See* Griswold Decl.) Defendants do not oppose plaintiff's request for an injunction against their continued infringement and unfair competition; hence, the request for an injunction is granted.

ACCORDINGLY, IT IS SO ORDERED, ADJUDGED AND DECREED that plaintiff shall take judgment against the defendants, and each of them, jointly and severally, and further that:

1. Plaintiff's copyright registrations Nos. 1-577-201, 1-577-202, 1-577-203, 1-577-204 are good and valid in law. Defendants, and each of them, have infringed these copyrights by reproducing, by preparing derivative works, by distributing copies, by transferring ownership, and by displaying the copyrighted works.

2. Defendants, and each of them, have competed unfairly with Plaintiff in violation of 15 U.S.C. § 1125(a) by making misrepresentations concerning their Time Maker product.

3. Defendants, and each of them, and each of their officers, agents, servants, and employees, and all those persons in active concert or participation with them are hereby forever enjoined from:

a) Infringing Plaintiff's copyrights represented by its registration Nos. 1-577-201, 1-577-202, 1-577-203, and 1-577-204;

b) Infringing Plaintiff's copyrights in any of its publications, including but not limited to all editions of Plaintiff's Day Runner and Running Mate organizers;

c) Reproducing, displaying, selling, offering for sale or otherwise transferring ownership of any of Defendants' Time Maker organizers prior to the expirations of Plaintiff's above copyrights;

d) Misrepresenting in advertisements or sales presentations the content, description or appearance of any of Defendants' goods that are competitive with those of Plaintiff, including any organizers or similar products; and

e) Competing unfairly with Plaintiff by misrepresentations or through false or misleading statements about its products.

4. Plaintiff is awarded and shall recover against Defendants, and each of them, the sum of $6,037,807 (as the sum awarded by the jury for copyright infringement);

5. Plaintiff shall recover against Defendants, and each of them, its costs in an amount to be determined pursuant to Local Rule 16, and pursuant thereto, the Clerk shall enter judgment in favor of Plaintiff.

DATED: August 27, 1987

PAMELA ANN RYMER
Pamela Ann Rymer
United States District Judge

ENDNOTES

1. Defendants filed a "Proposed Special Verdict" on May 28, 1987, after the final special verdict form had been given to the jury, as a means of recording their final objections to the form and content of the special verdict form. Defendants' proposed special verdict contains no interrogatory regarding deduction of a reasonable use fee from profits. *See Fortier v. Dona Anna Plaza Partners,* 747 F.2d 1324 (10th Cir. 1984) (Where special interrogatories asked jury to determine which parties prevailed on each of shopping center buyers' claims of negligence, breach of contract and fraud and also asked jury to determine amount of damages sustained by buyers but court omitted allocation of total amount of damages among the various claims and defendant developer approved special interrogatory form and did not request submission of allocation issue, the developer had waived right to jury trial on allocation issue and trial court did not commit clear error in implicitly finding that all damages were attributable to non-negligence claims, therefore, warranting no reduction by amount of buyers' contributor negligence).

2. Plaintiff's direct evidence of actual confusion was insubstantial and thus plaintiff must rely on the presumption of confusion articulated in Instruction No. 21. Although testimony on actual confusion was provided by Haldane King and Susan Lange, their testimony did not relate to confusion created by defendants' use of the advertisements as related to the public perception of the second version of the Time Maker ultimately received by customers. Thus, it would have been unreasonable for the jury to conclude, on the basis of that evidence, that a significant portion of the consuming public was deceived in a manner compatible with plaintiff's theory of the case.

3. Defendants cite one Ninth Circuit authority, *U-Haul,* for the proposition that knowledge of violation of the Act is required to show willfulness. The *U-Haul* court, however, never examined the issue of enhanced damages and certainly did not establish a principle that knowledge of violation of the Lanham Act is required to recover enhanced damages.

APPENDIX E

[Appendix D to Memorandum in Support of Defendants' Motion for Summary Judgment, filed with the District Court October 9, 1990]

COMPARISON OF DEFENDANTS' TIME MAKER (MAY 1987 TRIAL EXS. 52 AND 55) AND PLAINTIFF'S DAY RUNNER (MAY 1987 TRIAL EX. 220) AND RUNNING MATE (MAY 1987 TRIAL EX. 69)[1]

Time Maker	**Day Runner/Running Mate**
1. Calendar	1. MEMO-RY
(a) 3-YEAR CALENDAR	(a) MEMO-RY Remind Yourself
(b) SPECIAL OCCASIONS	
(C) MONTHLY CALENDAR	
2. Planner	2. Calendar
(a) TODAY	(a) EVENT CALENDAR Birthdays, Anniversaries, etc. [blank]
	(b) 3-YEAR CALENDAR

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[1] This chart lists the tabs which separate and identify the sections in the Time Maker, Day Runner and Running Mate, and also lists the blank forms and common property information contained in each section. While the two Time Maker organizers are not identical, the differences are insignificant for purposes of this chart (*i.e.* certain elements before the Calendar Tab No. 1 in the production version [*e.g.* the plastic holders, personal profile, instructions, refill order form and coupon] are not in the prototype). Likewise, while the Day Runner and Running Mate are slightly different, those differences are not significant to this analysis (*i.e.* the ruler is found at different places in the Day Runner and Running Mate). In this regard, the chart is intended as an aid to the Court's comparison of the organizers, not as a substitute for comparison of the actual organizers.

Time Maker	Day Runner/Running Mate
	(c) MONTH IN VIEW PLANNING CALENDAR (d) INTERNATIONAL HOLIDAYS (e) DAILY
3. Menu (a) MENU PLANNER	3. Index (a) TIME ZONE AREA CODE MAP (b) IN-DEX of Contents (c) SOURCES Classified (d) TELEPHONE Address [alphabetically tabbed]
4. Groceries (a) GROCERY LIST	4. Notes (a) NOTES Journal/Insight
5. Diet (a) FAST FOOD CALORIE COUNT (b) CALORIE & CARBOHYDRATE GUIDE (c) CALORIE BURN-OFF GUIDE (d) WHAT I ATE (e) FITNESS Exercise	5. Goals (a) GOALS And Declarations
6. Household (a) BABYSITTER MEMO (b) HOUSE CLEANING LIST (c) HOUSEHOLD BUDGET	6. Projects (a) PROJECT Action Planner

Time Maker	Day Runner/Running Mate
(d) ITEMIZED EXPENSES	
(e) EXPENSES	
7. GOALS	7. Persons
(a) GOALS and Projections	(a) PERSONS Communication Log
8. People	8. Finances
(a) PERSON-TO-PERSON (Record important words or thoughts to share or remember)	(a) FINANCES Itemized (b) EXPENSE Report/Account[2] (c) REGISTER check and deposit (d) RECEIPTS Envelope
9. Projects	
(a) PROJECT Planner	
10. Notes	
(a) NOTES	
11. Telephone/Address	
(a) TIME ZONE AREA CODE MAP	
(b) TELEPHONE Address [alphabetically tabbed]	
12. Yellow Pages	
(a) MY YELLOW PAGES	
(b) MERCHANDISE RECEIPTS ENVELOPE[3]	

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[2] This element is found only in the Day Runner, not the Running Mate.

[3] This element is found only in the Time Maker production version, not the Time Maker prototype.